

ANNUAL REPORT



2008-09

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MAYORS FOREWORD

It is indeed a great achievement and honor for us as Kgetlengrivier Local Municipality to be able to present an Annual Report to our communities and the country in particular in this fashion, way and method. We must always remember that we started along a long road thus far consolidation of unity in Kgetlengrivier. We inherited an administration that consists of three different towns, each had a different system and approach to service delivery, which posed a very serious challenge for us.

The annual report that we are presenting comes as a mandate from the people, emanating throughout the history of our struggle to ensure the democratization of our society, de-racialization of the economy and their participation in bettering the lives of all. Through the mandate from the people, we as municipality are bound by the people's constitution, which outlines our objects as local government as:

- To provide democratic and accountable government for local communities;
- To ensure the provision of services to communities in a sustainable manner;
- To promote social and economic development;
- To promote a safe and healthy environment;
- To encourage the involvement of communities and community in the matters of local government.

It further states that a municipality must strive, within its financial and administrative Capacity to achieve these objects as mentioned. This Annual Report's purpose is to ensure that we are delivering as and according to our constitutional mandate.

To the people and communities of Kgetlengrivier, this report will serve as a tool for consolidating and deepening our democracy. During the 16th year celebration of our freedom and democracy, we should use it as a benchmark towards 2014, use it as a document that will guide our decision making, lead us in implementing resolutions that will change our society and lives forever, a document that will finally advance us to greener pastures and prosperity. Through these statements I would like to indicate that even though we started small and very little, we did not hold onto that, but sought alternatives to address our backlogs, we never believed that problems are mightier than our own strengths as collective, we kept focused and we kept focused and we are leaping forward to much more better standards as required by legislation and any other form law.

The 2008/2009 Annual Report illustrate where we come from and where we are heading to, and where we are heading to is towards a municipality that is viable and sustainable, both economically and socially, we hope we shall deliver more and better in the future.

Together, through unity, we shall prosper.

Cllr DW Moleko
MAYOR

MUNICIPAL MANAGER'S ACCOUNTABILITY STATEMENT

Honourable Mayor, it is my pleasure to present the Annual Report of Kgetlengrivier Local Municipality for the financial year end **30 June 2009**.

Section 12(3)© of the Municipal Finance Management Act 2003, requires that the Annual Report of the municipality must include the Annual Performance Report of the municipality prepared by the municipality in accordance with section 46 of Municipal System Act, 2000 as amended.

In line with legislative provisions, this Annual Report therefore seek to provide performance results against the budget of the municipality for the year under review, in the manner that seeks to promote accountability to the local community for the decisions made throughout the year.

S.K. Khote
Municipal Manager

CHAPTER ONE

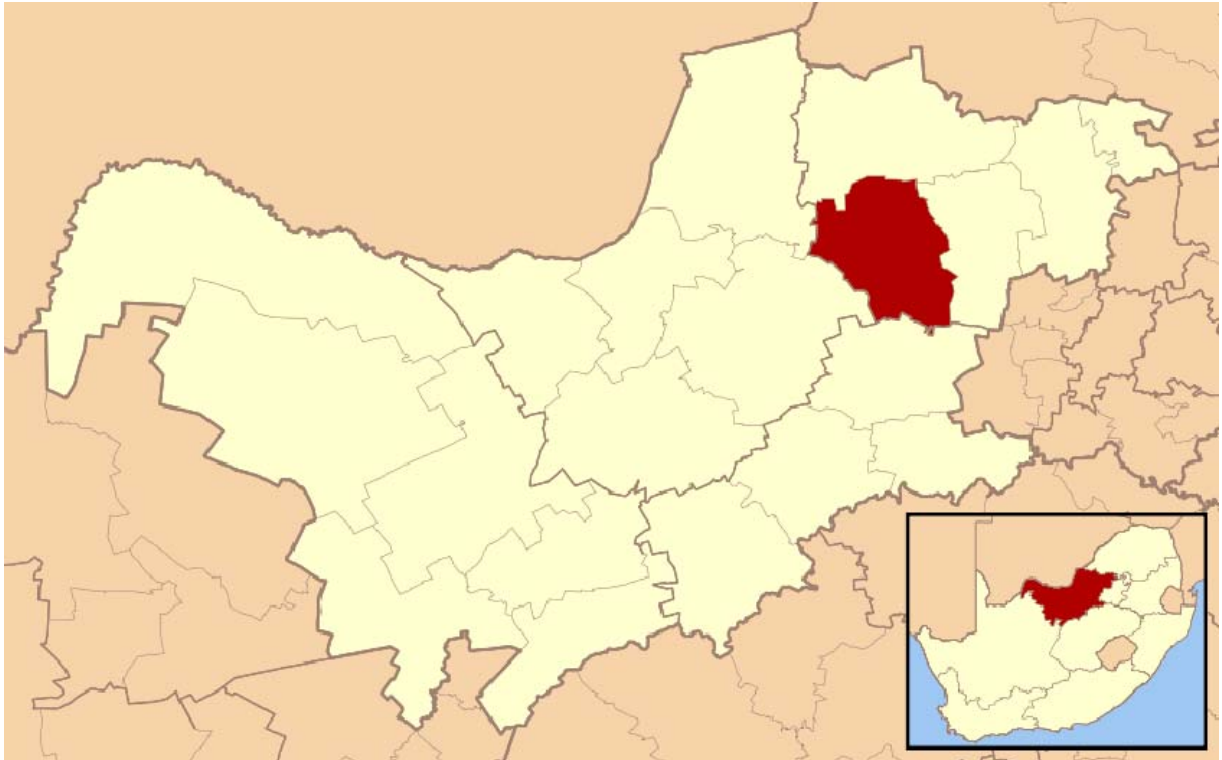
KGETLENGRIVIER: THE BROADER CONTEXT

Location

The Kgetlengrivier Local Municipality (NW374) is located in the Southeastern part of North West Province and forms part of Bojanala Platinum District Municipality (DC37), bordering Rustenburg Local Municipality on the west Ventersdorp Local Municipality (which falls under the Southern District Municipality) on the south, Ditsobotla Local municipality on the east, Ramotshere Moiloa Local Municipality (which falls on the Central District Municipality) on the north east as well as Moses Kotane on the north side.

The Northern portion of the area is situated on one of the main SDI's identified by National Government (Department of Trade and Industry in co-operation with the Department of Transport). It forms part of an explicit spatial programme aiming to unlock the inherent and under utilized economic development potential of specific spatial locations in South Africa. Central to this initiative is the Pretoria – Lobatse Platinum corridor (N4), which passes via Swartruggens. .

Figure 1: Map of Kgetleng Municipality



The Political Structure

Kgetlengrivier local municipality is established as a Category B Municipality as determined by the Demarcation Board in terms of Section 4 of the Municipal Structures Act, 1998. It was by as the amalgamation of the local councils of Swartruggens, Koster and Derby towns and its townships and farms areas. The municipal area covers a total 3 973.31 km².

According to the 2007 census, the population of the area is reflected as 37 806 . The area is mostly populated by Africans at 32493, which make 81% of total population followed by Whites at 16% and a small fraction of the Asians.

The last census also postulates the municipality to have 14 532 households and the municipal area is this divided into 5 wards;

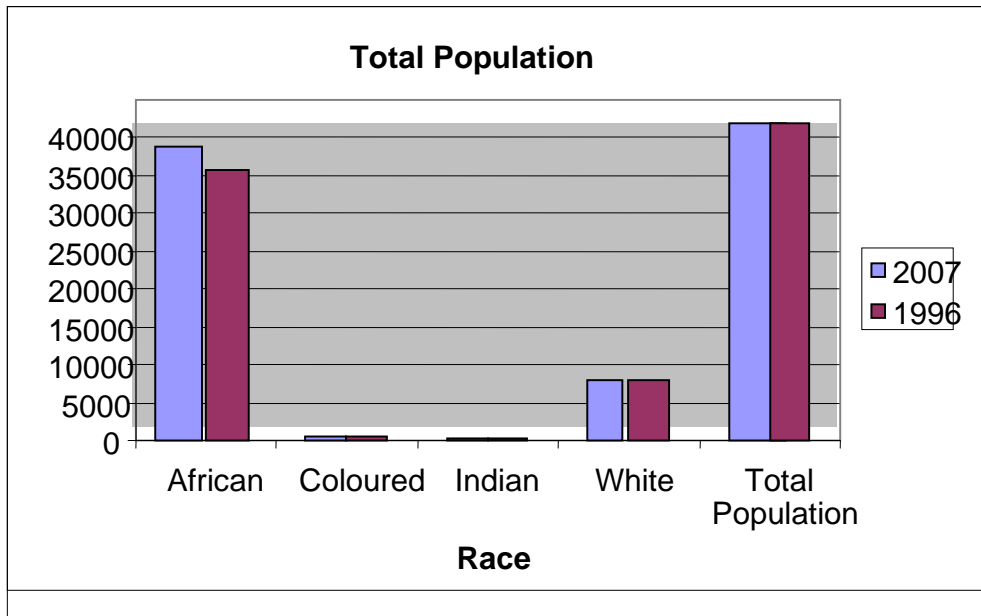
SOCIO – ECONOMIC ANALYSIS

Population

According to Statistics South Africa, Kgetleng municipality has a total population of 37 806. the area is predominantly populated by Africans who makes up 32 423, which

account for 81% of the total population. Whites are only about 16% and the rest are Asians.

Figure 2: Population levels by Race

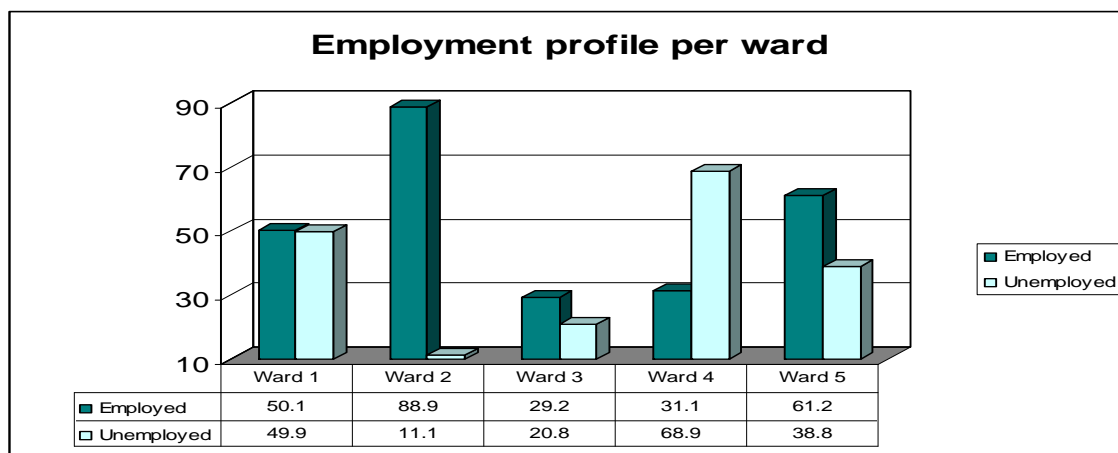


Source: Statistics South Africa, 2001

Levels of Employment and Unemployment

There is generally high rate of unemployment. This undoubtedly poses a serious challenge to all the relevant structures and authorities for a need of skills training. Skills training have to be encouraged so as to ensure that the communities are empowered to be self-employed and thus reducing dependency on existing employers and especially the municipality in providing jobs. The Ward level breakdown of the employment profile indicates largely different figures amongst the various wards from as low as 11.1% of the economically active population unemployed in Ward 2 to as high as 68.9% in Ward 4. These figures also indicate that the unemployment figures are particularly high in Wards 1 and 4 of the municipality.

Figure 3: Employment profile per ward



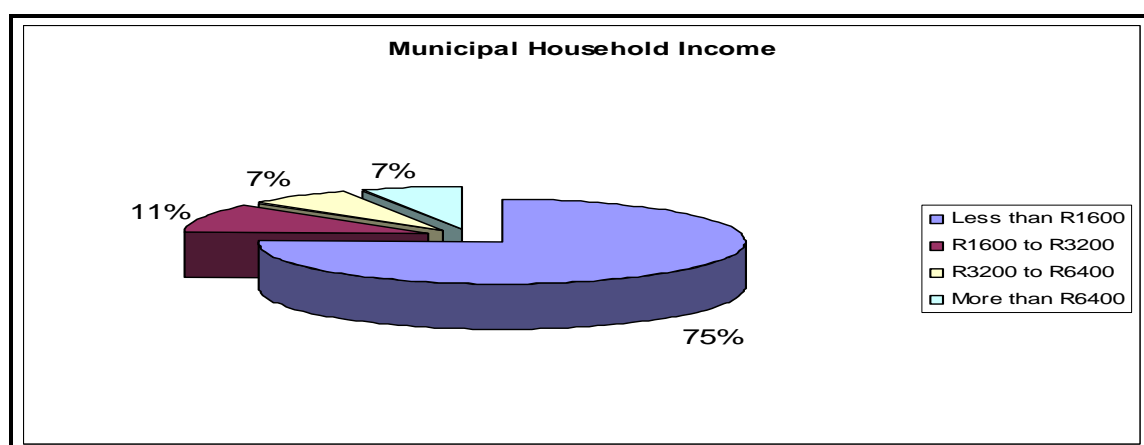
Source: Demarcation Board of South Africa, 2006

The low level of individual and household income indicates the desperate need for additional jobs and subsequent income in order to support the local businesses. This also affects the resident's ability to pay for the municipal services, provided by the municipality and other service providers.

Affordability and income

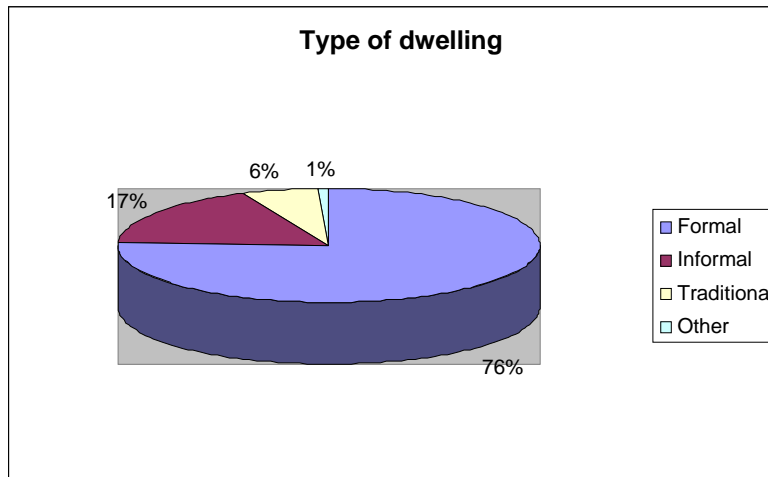
The overall affordability levels in the Kgetlengrivier local municipality is low with as much as 75.4% of all households earning less than R1600 per household per month. Conversely, only 6.8% of households earn in excess of R6400 per household per month.

Figure 4: Household income



Source: Demarcation Board of South Africa, 2006

Figure 5: Dwelling type



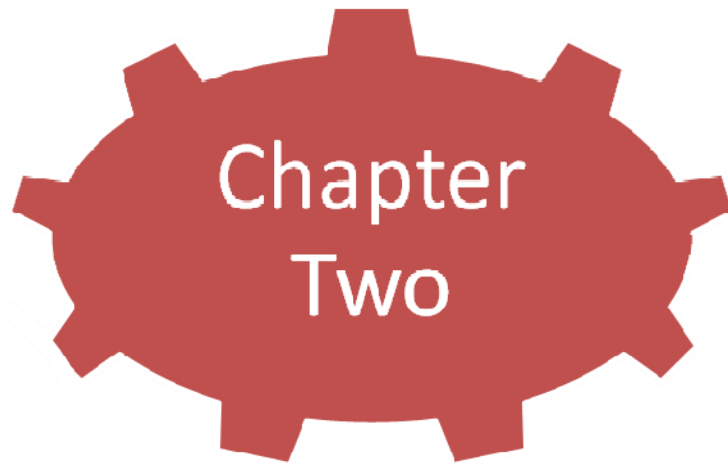
Source: Statistics South Africa, 2001

Statistics South Africa postulate that the municipality have 10 532 households. And the increase in provision of formal housing to 76%, whilst all other types are stagnant at the above percentages. It shows the influx of the population.

Economic Profile

The economy is made agriculture, tourism, small scale mining, trade and government services. It has a great potential of creating economic growth and reduction of unemployment.

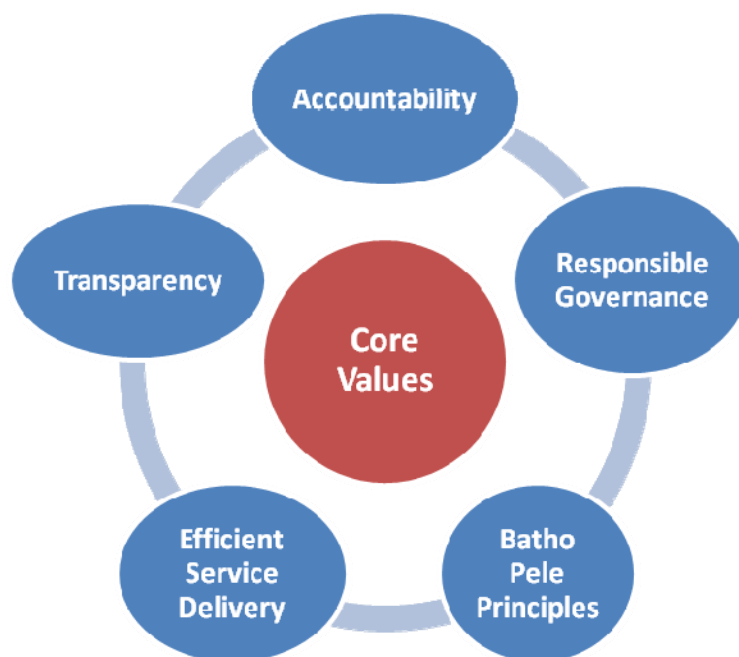
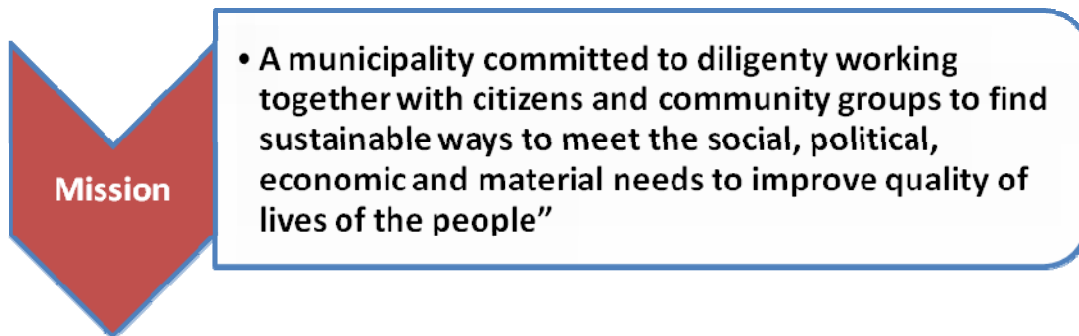
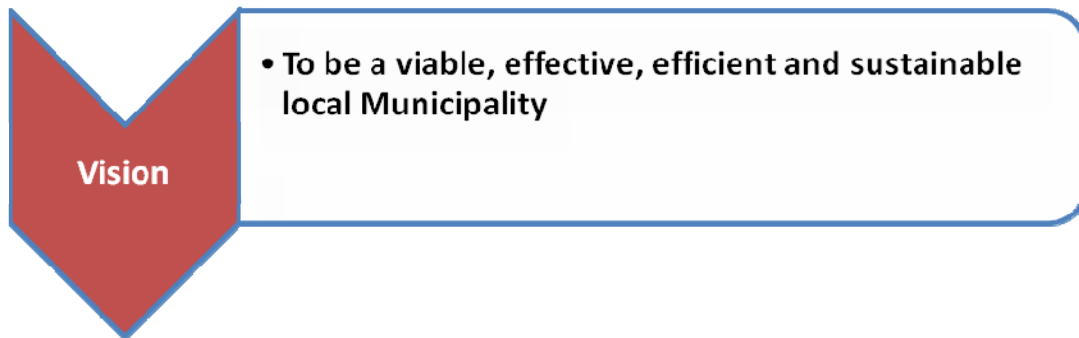




Vission, Mission and Core Values

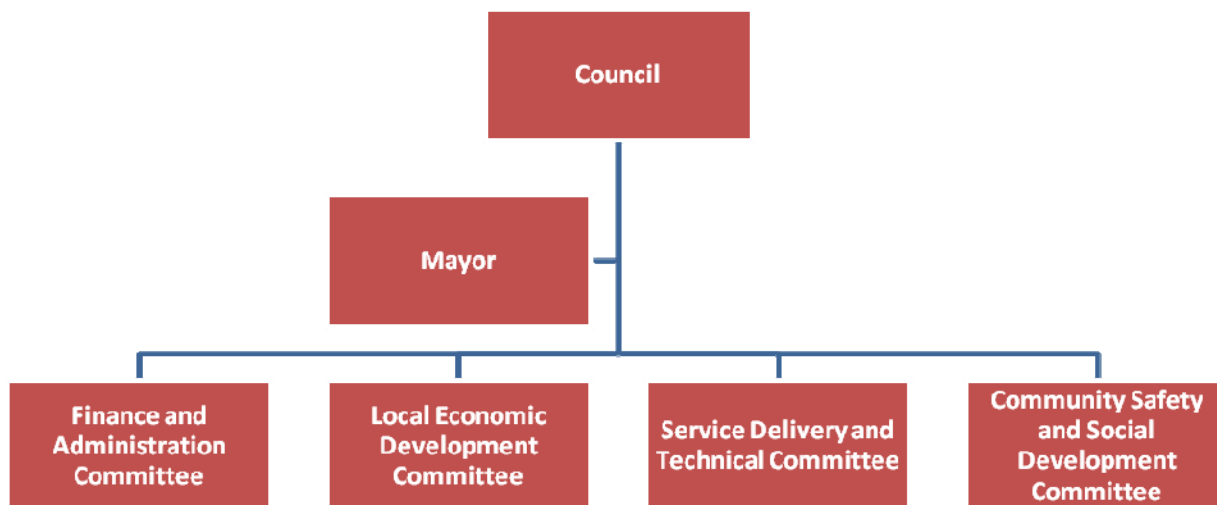
CHAPTER TWO

VISION, MISSION AND VALUES



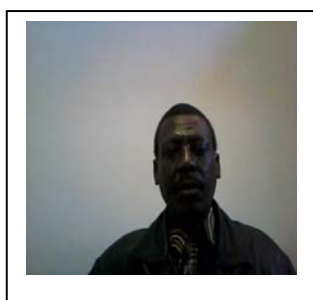
CHAPTER THREE

3.1. COUNCIL STRUCTURE



Cllr. DW Moleko

Mayor



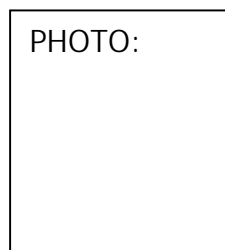
Cllr. MJ Toute

*Finance and
Admin.*



Cllr. MJ Ditse

LED



Cllr. K. Medupi

*Technical
Services*



Cllr. M.L Molefe

*Community
Services*

3.2 NAMES OF COUNCILLORS

The council consists of five (5) female councillors in the council, which make up a proportion of 50% of total council seats and five (5) male councillors, and their respective names and designated capacities are presented hereunder as follows:

Ward Number	Ward Councillor	Party representing	PR Councillor	Party representing
01	E Kgaboesele	ANC	DW Moleko	ANC
02	F.M. Manamela	ANC	MJ Toute	ANC
03	M.L. Molefe	ANC	OD Medupe	ANC
04	TG. Naledi	ANC	PS Robinson	DA
05	MJ Ditse	ANC	B. van Zyl Marais	DA

3.3. WARD COMMITTEES

In this reporting period, the municipality had 5 well established ward committees consisted of ten (10) members each.

The ward committees continuously discharged their responsibilities of ensuring that the opinions of the public in their respective wards were taken into account in the decision-making processes of the council and that there was healthier interaction between the municipality and the community.

3.4. COUNCIL MEETINGS

For the period under review, the council held a total number of **12** meetings. **10** of these meetings were ordinary council meetings and **2** were special meetings and were held as follows:

<i>PERIOD</i>	<i>DATE</i>	<i>NATURE OF MEETING</i>
<i>1st Quarter</i>	03 July 2008	Special
	15 July 2008	Ordinary
	26 August 2008	Ordinary
<i>2nd Quarter</i>	30 September 2008	Ordinary
	14 October 2008	Ordinary
	02 December	Ordinary
<i>3rd Quarter</i>	18 January	Ordinary
	25 February	Ordinary
	26 March	Ordinary
<i>4th Quarter</i>	30 April 2009	Ordinary
	15 May 2009	Ordinary
	28 May 2009	Special Meeting



CHAPTER FOUR

ADMINISTRATION

CHAPTER FOUR

4.1 ADMINISTRATIVE STRUCTURE

The Kgetlengrivier municipal administration has been organized into 4 main departments. Each of the departments including the municipal manager's office contains a set of operational divisions. Service plans are developed by each department to ensure quality and effective delivery. The management team's mission is to oversee, coordinate and manage transformation and strategic agenda of the municipality as well as facilitate the transformation process by providing strategic advice and project support to the Mayor and Council.



*S.K. Khote:
Municipal Manager*



*H.I. Lebusa
Director: Finance*



*S.A.M. Mothebe
Director: Corporate*



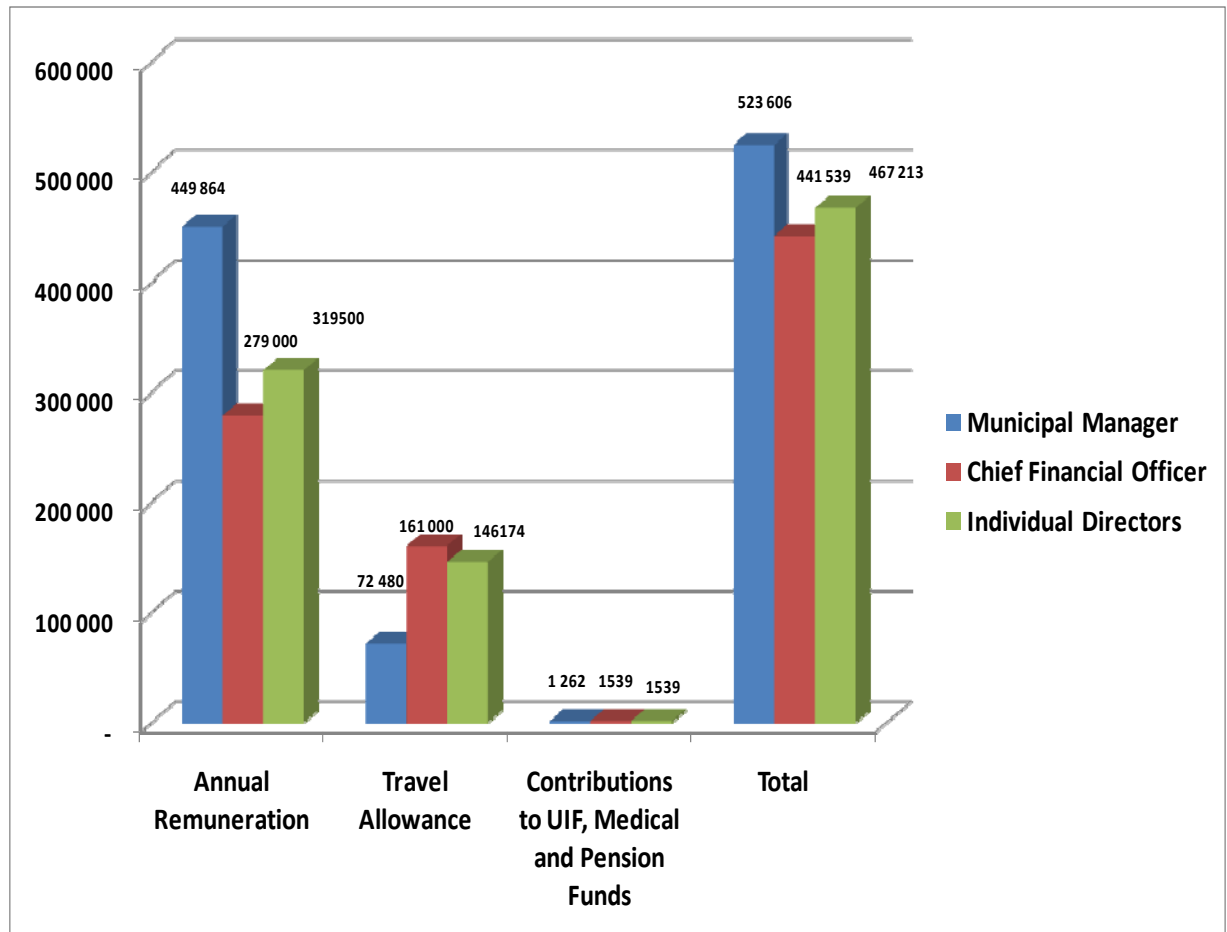
*J. Van Staden
Acting Dir: Technical*



*L. Jeje
Dir: Com*

4.2. REMUNERATION OF SENIOR MANAGERS

The chart hereunder provides an analysis of remuneration of the Municipal Manager and that of senior managers directly accountable to him for the period under review.



CHAPTER FIVE

KEY FOCUS AREAS AND OVERVIEW OF DEPARTMENTAL STRATEGIC OBJECTIVES

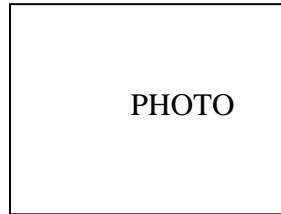
5.1. OFFICE OF THE MUNICIPAL MANAGER

PHOTO

S.K. Khote: Municipal Manager

DEPARTMENT	The following divisions are managed by the Municipal Manager: <ul style="list-style-type: none">• Municipal Transformation and Organization Development• Basic Service Delivery• Local Economic Development• Financial Viability• Good Governance and Public Participation	
FOCUS	The primary focus of the department is: <ul style="list-style-type: none">• To give priority to the basic needs of the community• To promote social and economic development of the community• To participate in provincial and national programs• Risk Management	

5.2. DEPARTMENT: CORPORATE SERVICES



S.A.M. Mothebe: Director: Corporate Services

The Corporate Services Department's objective is to support the following strategic focus areas of the municipality: ensure skilled and competent employees; compliance with relevant institutional human resource legislation and promoting sound labour relations, legal services, information management and administrative support.

The departmental key focus areas are as follows;

	The Department of Corporate Services comprise of the following divisions	
HUMAN RESOURCES Personnel and Organizational development	INFORMATION TECHNOLOGY	ADMINISTRATION Auxiliary services Administrative and Council Support
FOCUS -The effective management of human resources in order to ensure the transformation of skills development, employment equity and performance appraisal. -Provision of strategic human resources support to all Council business functions, people development and to ensure the maintenance of sound labour relations.	-Ensure that the software utilized to support the transformation process complies with acceptable standards and regulations. -The effective management of an administration system that is efficient and facilitates decision making and service delivery throughout Kgetlengrivier	-Provides administrative, logistical, operative, telecommunications management. -Manage the Corporate Services budget so that income and the expenditure is in line with Council's requirements. -Provides strategic advice, information and support. -Provides Security Services

5.3. DEPARTMENT: TECHNICAL SERVICES



J. Van Staden: Acting Director: Technical Services

	The Technical Department comprises of the following divisions: Project Management Water & Sanitation Electricity Roads & Storm water Cemeteries	
FOCUS	CORE BUSINESS <ul style="list-style-type: none">• Management of all Capital Projects• Water-Operation and maintenance of internal reticulation• Sanitation – Operation and maintenance of sewerage purification work	

The department of Technical Services is mainly responsible for all the infrastructural project and maintenance of existing infrastructure to ensure reliable and rapid delivery of basic service to the community.

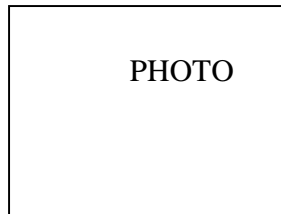
Despite the challenge of having of old infrastructure (roads & storm water drainage, sewer and water networks, etc) in our towns and despite this challenge continues to provide services to the community on an ongoing basis.

The municipality renders the following basic services to the residents in the urban areas; Water Provision; Sewerage Disposal; Refuse Removal and Electricity Provision. Other services rendered by the municipality to residents, include; Streets and Storm Water , Parks, Sports and Recreational Facilities; Cemeteries, Housing and Town Planning.

Households with access to the following services in Kgetlengrivier as compared to the North West Province (ranking 7 nationally) is depicted in the table below;

Service	North West	Kgetlengrivier	Backlog
Electricity	78,3%	63,5%	36,5%
Piped water	89,9%	80,8%	19,2%
Full or intermediate sanitation	53,4%	87,5%	12,5%
Refuse removal Services	48,81%	47,5%	52,5%

5.4. DEPARTMENT: COMMUNITY SERVICES



L. Jele: Director: Community Services

	<p>The Community Department comprise of the following divisions:</p> <p>Housing, Traffic Management, Sport and Recreation, Libraries, Arts and Culture, Parks & Cemeteries, Community Halls.</p>
FOCUS	<ul style="list-style-type: none">• Law enforcement• Community development• Control of housing and settlements• Recreational facilities

5.5 DEPARTMENT: FINANCIAL SERVICES



H.I. Lebusa: CFO

Kgetlengrivier Local Municipality operates its financial management within the framework of Municipal Finance Management Act (MFMA) Act No 56 of 2003 and the Annual Division of Revenue Act (DoRA).

Key focus areas are as follows;

	The Financial Department comprises out of the following divisions: Income, Expenditure, Budget Office, Credit Control, Asset Management, Risk Management & Supply Chain Management
FOCUS	To ensure efficient and effective financial management. Management of assets & liabilities Management of revenue & expenditure Management of Treasury Function Maintenance of Internal Financial Control Risk Management Financial advise to Council, Accounting Officer & Management

Budgets

- The 2008/09 Budgets were implemented throughout the year. As at the end of the financial year (30 June 2009), 100% of the operating budget was spent.
- The operating budget was adjusted during the year (**February 2009**). All budget line items were spent within their limits approved by Council.
- The Budget for 2009/10 financial year was compiled and first draft tabled before Council in **March 2009 and was approved in May 2009**. This budget, like all other previous budget, a product of public participation process, it this instance, community and other stakeholders consultations / public participation was conducted.



CHAPTER SIX

SUMMARY OF ACHIEVEMENTS AND CHALLENGES

SUMMARY OF ACHIEVEMENTS AND CHALLENGES FOR YEAR THE UNDER REVIEW

6.1. ACHIEVEMENTS

The following are some of the notable achievements for the period under review under the five Key Performance Areas for local government. These achievements are a reflection of our ability to implement our plans for this financial year.

KPA 1: Service Delivery and Infrastructure Investment

- Vema Steshman was appointed to provide water and sanitation in Reagile – Extension 6 & 7. The project value is R18.5 Million including professional fees and is funded through MIG and Provincial Infrastructure Grant.
- R4,8 million was spent on electrification projects in Borolelo and Leeufontein. Eskom has also electrified more than 900 houses in Reagile Extension 6 & 7.
- The municipality spent more than R2,5 million for fencing and upgrading of cemeteries during the financial year
- Funding acquired from Bojanala Platinum District Municipality for construction of Fire Station in Koster and procurement of relevant fire fighting equipment and the project is estimated to cost more than R8 million.

KPA 2: Local Economic Development & Tourism

- Local Economic Development Strategy developed
- Training of SMMEs through Bojanala District Municipality
- Garden of Remembrance was constructed during the year

KPA 3: Good Governance and Public Participation

- 2009-10 Reviewed Integrated Development Plan and Budget approved in line with the provisions of the MFMA.
- All Council meetings planned for the year were held

KPA 4: Financial Viability and financial Management

- Financial Management Policies developed and adopted by Council in May 2009.
- Action Plan developed to address deficiencies identified by the Office of the Auditor-General.
- The municipality has a number of reserves supported by investments and these will be utilized to finance capital expenditure for acceleration of service delivery.
- The municipality does not have long term liabilities and creditors are paid within 30 days in line with the provisions of Municipal Finance Management Act.
- Valuation Roll was compiled during the year under review.

KPA 5: Transformation and Institutional Development

- Municipal Manager was appointed in January 2009.
- Several HR Policies were developed.
- EE Plan and Report submitted in time.
- Work Skill Development Plan completed and submitted to LGSETA.

6.2. CHALLENGES

Hereunder is a summary of key challenges that the municipality was faced with during the period under review.

KPA 1: Service Delivery and Infrastructure Investment

- Unable to reconcile all mandatory reports in time
- Shortage of heavy duty equipment for roads maintenance
- Shortage of bulk water storage in Reagile, Mazista and Derby
- Ageing Infrastructure, i.e Water Purification Plants, Roads, Water , Electricity and sewer networks.
- Magalies water was mandated to fund the equipping of boreholes, however we encountered problems with sewer pumps and the money was redirected. All this boreholes were aimed for Koster and Derby

KPA 2: Local Economic Development & Tourism

- Increased number of indigent household due to recessionary effects.
- Dysfunctional LED unit.
- Rapid increase in informal settlement.

KPA 3: Good Governance and Public Participation

- Shared Audit Committee not appropriately utilized.
- Portfolio committees not fully functional
- Public participation process not integrated

KPA 4: Financial Viability and financial Management

- Low revenue collection rates due to non-payment by consumers and billing problems.
- Late submission of financial reports due to incapacity
- For at least the past 3 financial year, including this financial year, the Auditor-General was not able to express an opinion (Disclaimer of opinion) on the

municipality's financial statements. As explained in the respective Auditor-General's reports, this is as a result limitation of availability of sufficient appropriate to provide an opinion on.

Furthermore, our latest audit opinion points to the difficulties being experienced by the municipality in recovering debts as well as the potential negative effect of this tendency on the cash flows of the municipality, which indicates that there is existence of risk that the municipality may be exposed to serious financial difficulties, which may require provincial or national intervention arising from financial crisis as set out in terms of sections 139 and 150 of the MFMA.

Fixed Assets Management

- Infrastructure Assets not verified, evaluated and recorded in the asset register.
- No maintenance plans for assets stipulated in the Fixed Asset Maintenance and Replacement Policy.
- Vehicles, Machinery and Equipment not properly controlled.

Supply Chain Management

- Supply Chain Management policy is not always adhered to. Preferential policy objectives identified for procurement were not met for every contract.
- Threshold values contained in the SCM Policy were not properly aligned with the values stipulated in Supply Chain Management Regulations.

Records are were not properly kept for the following:

- Written or verbal quotations received and awards made.
- Tenders and all other bids received and awards made.
- Petty Cash purchases
- Demand and Contract Management are still challenges in terms of building necessary capacity.

KPA 5: Transformation and Institutional Development

- Poor document documents management and record keeping
- Shortage of staff
- Organizational Structure not aligned to strategic plans
- Inefficient use of telephone, faxes, photocopiers and internet facilities
- Ineffective security systems
- Lack of office space and IT resources
- No Information and Communication Technology (ICT) strategy



CHAPTER SEVEN

PERFORMANCE REPORT

CHAPTER SEVEN

2008-09 ANNUAL PERFORMANCE REPORT

7.1. MUNICIPAL MANAGER- PERFORMANCE REPORT

KPA: Municipal Transformation and Organizational Development

IDP / Strategic Objective:

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Performance Management System (PMS) aligned to the IDP, developed and implemented.	PMS system implemented, IDP and Budget approved in line with legislation	May 2009		IDP was only approved in June 2009 due to late tabling of the draft IDP. Consultants were appointed to develop the 09/10 IDP.	PMS Framework will be revised by August 2009. Development of IDP and Budget Process Plan and ensure that planned activities are executed.
An organizational structure aligned to the IDP established and operationalised.	Effective implementation of strategic objectives	June 2009		Organizational structure not aligned to IDP	Review of organizational structure and prioritization of critical posts before the end of the 2009-10 financial year.
Effective administrative and institutional systems, structures and procedures including: human resources, financial policies, by-laws and communication systems established and implemented.	All policies, by laws, and procedure manuals developed or reviewed	June 2009		No policies, nor by-laws nor procedure manuals were reviewed or developed during the year	All policies and procedure manuals will be reviewed or developed before the end of the 2009-10 financial year. Provincial Government will be engaged to assist in development of by-laws.
Assessment of skills and competency	Skills assessment done and report submitted	June 2009		Report was not done due to lack of capacity	Source funds and build capacity to conduct skills and competency assessment
Development of WSP	WSP submitted to LGSETA before the end of the financial year	June 2009		Report was submitted to LGSETA on time	
LLF meetings held every quarter	Number of LLF Meetings held	4 meetings per annum (at least one per quarter)		6 meetings were held during the year under review	Continuous improvement of sound labour relations

Development of EEP	EEP submitted to relevant stakeholders on time	June 2009		EEP was submitted by June 2009	
Development of SDBIP in line with legislation	SDBIP and section 57 managers performance agreements concluded by 28 June 2009	June 2009		SDBIP and performance contracts not concluded on time	Ensure development of the 2009-10 SDBIP and performance agreements by August 2009 and build capacity to produce the 2010-11 SDBIP on time.
Development and submission of quarterly reports	Number of quarterly reports submitted	4 reports per annum (1 per quarter)		No quarterly reports were compiled	Provide training and build capacity to compile quarterly
Development and submission of Mid-year performance assessment report	Mid year performance assessment report submitted to Council by 31 January 2009	Report submitted by end of January 2009		Mid-year performance assessment report was not compiled	Alignment of performance plans , SDBIP and quarterly reports to ensure production of credible mid-year performance report
Development of the 2007-08 Annual Report	2007-08 Annual report developed and submitted to Council by January 2009	25 January 2009		Annual report submitted to Council by 25 January 2009	Quality of the report was not satisfactory due to lack of capacity. Professionals will be appointed to compile the 2008-09 annual report
Development of website	Fully functional website updated on a weekly or monthly basis	June 2009		Website not developed and crucial documents were not properly communicated to the stakeholders	Development and hosting of the website will be done before the end of the 2009-10 financial year.

KPA: Infrastructure Development and Service Delivery

IDP / Strategic Objective:

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Development of Environmental Management Plan	Environmental Management Plan developed and implemented	June 2009		Environmental Management Plan not developed due to lack of funding and capacity	Source funding from the DWAF and appoint service provider to develop Environmental Management Plan by the end of June 2010.

KPA: Local Economic Development (LED)

IDP / Strategic Objective:

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
An analysis of the local economy undertaken.					
Comparative and competitive advantage of the municipality identified and incorporated into credible LED strategy and programmes.					
Institutional capacity to implement LED programmes established and a conducive environment for shared growth created to ensure that:					
▪ Market and public confidence in municipal functioning, infrastructure development and service delivery is improved.					
▪ Existing public and private resources to intensify enterprise support to local communities utilized.					
▪ Sustainable community investment programmes introduced and implemented.					
▪ Knowledge sharing networks and social partnerships facilitated					

KPA: Municipal Financial Viability and Management

IDP / Strategic Objective:

IDP / Strategic Objective:		
Planned Performance	Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09		

Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
<p>Sound financial management practices implemented in terms of the MFMA priorities and timeframes, including but not limited to:</p> <ul style="list-style-type: none"> ▪ Budget aligned to development and service delivery targets that municipalities are accountable for as set out in the adopted IDP's ▪ Budget and treasury office established ▪ Budget and revenue management is effective ▪ Financial reporting and auditing is performed ▪ Institutional capacity for municipality to spend is created. 					
Financial management policies and by-laws developed, including but not limited to: supply chain management, credit control, tariff and investment policies.					
Integrated financial management systems introduced and operationalised.					
Municipal financial viability targets set and achieved which will ensure that:					
▪ Growth in service debtors is reduced.					
▪ Consumer debt exceeding 90 days is recovered.					
▪ % Reduction in grant dependency rate.					

▪ Turnaround time for creditor payment improved.					
▪ % Personnel cost over the total operational budget is in line with regulatory framework.					
▪ Provision for bad debt made;					
▪ Financial legislation implemented, including Property Rates Act and the Division of Revenue Act.					

KPA: Good Governance and Public Participation

IDP / Strategic Objective:

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Procedures for community participation processes as set out in legislation adhered to in terms of: <ul style="list-style-type: none">▪ Planning▪ Budgeting▪ Implementation▪ Monitoring and reporting					
Regular communication with communities on the achievement of targets set out in IDPs is carried out.					
Functioning of ward committees directly supported where applicable.					
Capacity building of community-based rganized ons to enhance					

effective participation facilitated.					
Relationship with rganized business, labour and civil society built through transparent and accountable governance.					
An anti-corruption strategy in terms of national strategy for the municipality is developed and implemented to address: <ul style="list-style-type: none"> ▪ Prevention ▪ Detection ▪ Awareness / communication 					
Financial and performance audit committee established and functional.					
Mechanisms to ensure disclosure of financial interest in place.					
An effective communication strategy to promote transparency, public accountability, access to information, administrative justice and responsiveness to complaints are dealt with in terms of the relevant legislation developed and implemented.					
Unqualified audit report achieved and maintained.					
Community satisfaction surveys conducted.					

7.2. FINCIAL VIABILITY : PERFORMANCE REPORT

KPA. Revenue Management

IDP / Strategic Objective: To ensure money due to the municipality is effectively collected

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Rates, services charges and levies levied not later than the last day of the month.	Monthly billing completed by the 24 th of every month.	Ongoing			
	Dispatched accounts due date as per Council resolution is the 15 th of every month.	Ongoing			
90% of meters read as per approved meter reading cycle	Accurate and correct readings provided and faulty meters replaced.	3000 Electricity meters and 6500 water meters			
	6500 accurate accounts sent to consumers monthly.	Ongoing			
90% of meters read as per approved meter reading cycle. (Continued)	IT system and resources that functions in a satisfactorily and accepted standards.	Ongoing			
	To ensure that there is sufficient resources and personnel	June 2009			
	To ensure that pre-paid records are maintained on a daily basis to determine any loss.	Ongoing			
% increase in revenue from payable	Accounts that are reconciled on a daily	Ongoing			

bills.	basis and suspense accounts are cleared on a daily basis.				
	Updated receipts on a daily basis.	Ongoing			
% increase in revenue from payable bills. (Continued)	Sufficient Training on E-Venus billing module provided.	June 2009			
	Direct Deposit allocated on a daily basis to correct accounts	Ongoing			
	Proper management of returned cheques and keeping of registers thereof.	Ongoing			
	Working manuals for all cash management and IT transaction as per required standards.	June 2009			
	To ensure that all customer have functioning meters and are able to buy electricity	June 2009			
	To have a secured environment on cash received accordance to expected standards eg. Lockable safes, Cash drawers etc	June 2009			
Reduction of debt older than 90 days as a percentage of total debt.	Improved collection of all the monies due in this financial year	July 2008 to June 2009			
	Reduced current debt of RXXXm.	Ongoing			
% increase in the collection of outstanding debts.	Accurate debtors' information to enable speeding up of collections	June 2009			

	Notices sent to defaulting customers.	Ongoing			
	Arrangement for arrear accounts concluded with consumers.	Collection of R162 764 on arrears			
	Cut-offs implemented to defaulters.	Ongoing			
	To ensure that accounts are transferred to registered owner and are charging correct tariffs.	March 2009			
Number of indigents registered/deregistered against set targets.	Accurate registers of indigent consumers on ward basis maintained.	June 2009			
	Ensure that all new indigent applications are verified twice a year as the policy stipulates	July 2008 & January 2009			
	Arrears on new indigent application written off.	April 2009			
	To ensure that audit queries are implemented as recommended	Ongoing			

KPA: Risk Management and Fraud Prevention

IDP / Strategic Objective: To ensure that assets, finances and financial data are protected

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Issues raised by the Office of the Auditor-General and PROPAC resolutions addressed.	Responses to management letters and action plans developed to address issues raised.	Ongoing			
Risk management policy developed	Compliance with risk management	Ongoing			

and implemented.	policy.				
Fraud prevention strategy developed and approved	Council resolution for approval of Fraud prevention strategy	June 2009			
Functional Audit Committee in place.	Minutes of meetings of appointed Audit Committee.	June 2009			

KPA: Financial Management and Compliance

IDP / Strategic Objective: To ensure that financial management policies and systems are in place and effectively implemented

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Compliance to GRAP standards.	Reduced queries in relation to GRAP compliance in comparison to previous financial year.	August 2009			
	GRAP compliant financial accounting software.	June 2009			
Sound financial management practices implemented in terms of the MFMA priorities and timeframes: <u>(Comprehensive cash flow management strategy developed and approved).</u>	Council resolution for approval of comprehensive cash flow management strategy.	June 2009			
Sound financial management practices implemented in terms of the MFMA priorities and timeframes: <u>(Ensure compliance to the MFMA).</u>	Reduced queries in relation to MFMA compliance in comparison to previous financial year.	Ongoing			
Sound financial management practices implemented in terms of the	Proof of submission of annual financial statements by 31 August 2008 to	August 2008			

MFMA priorities and timeframes: <u>(Submission of Annual Financial Statements in accordance with MFMA).</u>	A-G.				
Sound financial management practices implemented in terms of the MFMA priorities and timeframes: <u>(Financial reports compiled and submitted as per requirements of MFMA).</u>	Proof of submission of section 71 and other reports by due date monthly.	Ongoing			
Supply Chain Management Policy in place and implemented	Internal controls over supply chain management.	June 2009			
Asset register in place, inventory lists and asset register updated.	Implementation of a fixed asset register and asset control system as well as the maintenance thereof.	June 2009			

KPA: Budget Management

IDP / Strategic Objective: Manage and control the budgeting process so that the strategic direction of the Municipality is reflected in the budget and the budget is adhered to.

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Budget that is compliant with all applicable legislation and regulations completed and approved one month in advance.	Budget implementation and budget adjustment by January 2009. Next financial year’s budget approved one month in advance.	May 2009			

KPA: Expenditure management**IDP / Strategic Objective:** To ensure that financial accounting controls are maintained and conducted within the limits of applicable legislation.

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Measures introduced to minimize over/under expenditure	Monthly cash flow projections.	Monthly			
% of creditors paid within 30 days.	Monthly creditors' reconciliation statements.	Monthly			
	Age analysis of creditors reporting creditors due for less than 30 days.	Ongoing			
% of creditors paid within 30 days.	Ensure that utilities accounts are paid before the due date to avoid interest.	Ongoing			

7.3. CORPORATE SERVICES – PERFORMANCE REPORT

KPA: Human Resource Management

IDP / Strategic Objective: Develop, implement and maintain effective human resources management policies, plans and systems

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
HR policies revised and policy manual developed.	Revised HR policies and policy manual.	June 2009			
Employment Equity Policy developed and approved.	Approved Employment Equity Policy.	June 2009			
EE Plan and Report submitted in time.	Proof of submission of report	June 2009			
Progress with the implementation of TASK relative to the implementation plan.	Progress report of implementation of TASK.	June 2009			
Development of and/or 60% implementation of employee well being programmes including HIV/AIDS and Employee Assistance Programme.	Implementation report of Employee Wellness Programme.	June 2009			

KPA: Human Resource Development**IDP / Strategic Objective:** Strengthen institutional capacity of the municipality

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Skills Development Policy in place and implemented.	Approved Skills Development Policy.	June 2009			
Workplace Skills Plan formulated and submitted to DOL/LGWSETA in time.	Proof of submission of Workplace Skills Plan.	June 2009			
% of target groups trained.	Training report.	June 2009			
Amount of rebates received from LGWSETA.	Record of rebate received from LGWSETA.	June 2009			
Quarterly reviews of the implementation of WSP and submission of reports to managers.	Quarterly WSP implementation reports.	June 2009			
% of budgeted posts filled or unfilled 60 days after approval.	Report of vacancies budgeted for and filled.	June 2009			
% of staff or posts with job descriptions.	Job descriptions for all available posts.	June 2009			

KPA: Labour Relations**IDP / Strategic Objective:** Maintain a vibrant and healthy labour relations environment in the municipality

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Labour Relations structures established and functional.	Recognised Labour Relations structure in place.	June 2009			
Support rendered to all Directorates in relation to disciplinary procedures, grievance procedures and Code of Conduct.	Report of disciplinary actions.	June 2009			
Number of cases completed in time.	Report of cases handled and completed.	June 2009			
Supervisory staff trained in IR.	Number of supervisory staff trained in IR.	June 2009			
Labour disputes reported and resolved.	Report of labour dispute handled and resolved as reported.	June 2009			

KPA: Administration and Buildings**IDP / Strategic Objective:** Ensure efficient running of the municipal administration

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Number of errors or queries in the maintenance of personnel register.	Record of no errors or queries in the maintenance of personnel register.	June 2009			
Number of errors or queries in the maintenance of payroll or salary administration system.	Record of no errors or queries in the maintenance of payroll or salary administration system.	June 2009			
Numbers of errors or queries in the maintenance leave administration.	Records of no errors or queries in the maintenance leave administration.	June 2009			
Number of buildings repaired, renovated or maintained	Well repaired and maintained buildings.	June 2009			

Entrance control installed and functional	Controlled entrances at all major municipal buildings.	June 2009			
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KPA: Transformation

IDP / Strategic Objectives: To ensure the implementation of the municipality's Employment Equity Plan

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Employment Equity targets achieved in the Directorate.	Employment Equity repots.	Continuous			

KPA: Staff development**IDP / Strategic Objectives:** To provide training and development.

Develop and implement a Skills Plan/Policy according to legal requirements.

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Skill needs assessment undertaken and submitted.	Skills audit report.	June 2009			

KPA: Planning and Management**IDP / Strategic Objectives:** To ensure efficiency in departmental business operations.

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Departmental meetings to be held at least on a bi-weekly basis. Minutes should be available for inspection.	Minutes of departmental meetings.	Continuous			
Performance of staff monitored and evaluated against the approved departmental business plan.		June 2009			
Departmental budget drawn up in line with prescribed format and submitted to the Finance department in time.	Compliant departmental budget with prescribed format.	June 2009			
Expenditure occurred as planned: – 100% of Capex Budget spent – 100% of Operational Budget spent.	100% of Capex Budget spent as planned. 100% of Operational Budget spent as planned.	June 2009			

KPA: Support to Council and Management

IDP / Strategic Objectives: To ensure that Council and management functions in respect of designated areas of responsibility

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Reports prepared and submitted accordingly and number of meetings attended in the following structures: a) Municipal Manager (One on one meetings) b) Management Committee c) Portfolio Committees d) Council.	Minutes of scheduled meetings attended.	June 2009			

7.4. COMMUNITY SERVICES – PERFORMANCE REPORT

KPA: Housing

IDP / Strategic Objective: To ensure effective provision of land for shelter and housing to the community

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Integrated Human Settlement Plan developed, approved and implemented.	Developed and approved Integrated Human Settlement Plan	June 2009		R200 000 was secured from DLGH for development of Integrated Human Settlement Plan, however due to lack of capacity, relevant processes were not finalized by end of the year under review.	Appointment of the service provider and implementation of the project will be done before the end of June 2010.
Policy on erven allocation and use developed, approved and implemented.	Approved LUM policy.	June 2009			
All Council properties with updated and valid lease agreements.	Valid lease agreements for all council properties.	June 2009			

KPA: Waste Management

IDP / Strategic Objective: To ensure the effective provision of the waste management services

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Waste management policy and plan developed and approved/implemented.	Approved Waste Management Policy	June 2009			
Landfill sites fenced, rehabilitated and comply with legislative requirements.	Fenced landfill sites and registered.	June 2009			

Dustbins distributed and refuse removed from all households once a week.	Dustbins distributed to households.	June 2009			
Report produced on the study to determine the need and feasibility for household waste recycling system.	Feasibility study report on waste recycling system.	June 2009			

KPA: Traffic Management and Licensing

IDP / Strategic Objective: To ensure public order and safety in the use of municipal roads

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
50% of streets named/changed, traffic signs effected/remarked, road markings and parking meters maintained/rehabilitated.	Adequately marked, visible and safe roads	June 2009			
50% of needed traffic lights installed and/or maintained.	Provision of adequate road signage	June 2009			
Report on new and safe traffic management measures produced and approved.	Reports on new traffic management and safety measures.	June 2009			
% of revenue collected from traffic fines.	Fines issued and % revenue collected for traffic offences	June 2009			
Routes for heavy duty vehicles identified and decisions implemented.	Heavy duty vehicles' weigh bridges at earmarked municipal routes.	June 2009			

KPA: Sport and recreation, arts and culture**IDP / Strategic Objectives:** To ensure the equitable provision of sport and recreational facilities to the community;

To promote and encourage participation in arts and culture initiatives

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Sport Facility Utilization Policy developed and approved.	Approved Sports Facility Utilization Policy.	June 2009			
Sport and recreational facilities upgraded/renovated as per the SDBIP.	Upgraded sports and recreational facilities within the available budget.	June 2009			
50% of parks and sidewalks upgraded.		June 2009			
Funding secured for the development of arts and culture centre.	Art and cultural initiatives budgeted for and funded.	June 2009			
Number of heritage and cultural heritage promoted.	Heritage and cultural activities promoted.	June 2009			
Number of arts and culture markets developed.	Arts and culture markets developed	June 2009			

KPA: Cemeteries**IDP / Strategic Objectives:** To ensure that cemeteries are provided in a sustainable manner and maintained to acceptable standards

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Cemeteries greened and maintained.	Green and well maintained cemeteries	June 2009			

KPA: Transformation**IDP / Strategic Objectives:** To ensure the implementation of the municipality's Employment Equity Plan

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Employment Equity targets achieved in the Directorate.	Employment Equity repots.	Continuous			

KPA: Staff development**IDP / Strategic Objectives:** To provide training and development. Develop and implement a Skills Plan/Policy according to legal requirements.

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Skill needs assessment undertaken and submitted.					

KPA: Planning and Management**IDP / Strategic Objectives:** To ensure efficiency in departmental business operations.

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Departmental meetings to be held at least on a bi-weekly basis. Minutes should be available for inspection.	Copies of minutes of staff meetings	June 2009			
Performance of staff monitored and evaluated against the approved departmental business plan.	Quarterly performance evaluation reports on staff.	June 2009			
Departmental budget drawn up in line with prescribed format and submitted to the Finance department in time.	Compliant departmental budget with prescribed format.	June 2009			
Expenditure occurred as planned: – 100% of Capex Budget spent. – 100% of Operational Budget spent.	100% of Capex Budget spent as planned. 100% of Operational Budget spent as planned.	June 2009			

7.5. TECHNICAL SERVICES – PERFORMANCE REPORT

KPA: Town planning and management

IDP / Strategic Objectives: To ensure efficient Urban planning and management

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Consolidated Town Planning Scheme approved by Council and submitted to province.	Approved town planning scheme.	June 2009			
Number of building plans, approved within 30 days of receipt of applications	Building plans approved within set time frames.	June 2009			
Number of new building structures inspected.	Total number of new building structures inspected.	June 2009			
Number of newly planned township establishments	Consolidated business plan for new township establishment.	June 2009			
		June 2009			
Number of areas developed for residential and business processes.	Housing and business applications submitted and approved.	June 2009			

KPA: Water and Sanitation**IDP / Strategic Objective:** To provide adequate water and sanitation services to the community

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Number of metered households with access to free basic water .	Number of metered households with access to free water	June 2009		All residential households provided with free 6kl of water per month. Indigent register not yet developed.	Development of indigent register and verification of applicants before end of June 2010.
Reduction in water loss or unaccounted for water	10% Reduced water losses and consequential revenue base increase.	June 2009		A service provider was appointed to assist in measurement of water loses and relevant systems were introduced to measure losses. However, these systems are not fully functional.	
Reagile : Extension 6& 7 households connected to water .	3500 households connected and have access to water services.	June 2009		643 households connected and the balance of 2857 could not be finalized by the end of the year under review due to poor planning and delay in implementation of the project.	Involvement of Development Bank of South Africa deployees and appointment of PMU coordinator to assist in monitoring the service providers and ensure full implementation of the project before the end of 2009-10 financial year.
Number of households with access to waterborne sewer connections	1000 households with access to waterborne sewer in Extension 6& 7.	June 2009			
Sewer purification works rehabilitated	Rehabilitate sewer purification works.	June 2009			
Number of public toilets built.	Number of public toilets built.	June 2009			
Review of Water Services Development Plan and development of Sanitation Master Plan	WSDP reviewed and Sanitation Master Plan developed	June 2009		WSDP not reviewed and Sanitation Master Plan not developed due to lack of capacity and funding	Source funding the district municipality to assist in review of the WSDP and development of Sanitation Master Plan before the end of 2009-10 financial year/

KPA: Electricity**IDP / Strategic Objective:** To ensure efficient provision of electricity

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Number of metered households with access to free basic electricity.	Number of metered households with access to free electricity.	June 2009		All 9000 households were not provided with free electricity due to lack of capacity in development of an indigent register	Development of indigent register and verification of applicants before end of June 2010
Number of households connected to electricity this financial year.	Number of households connected to electricity.	June 2009			
Reduction in electricity loss or unaccounted for electricity	10% reduction in electricity losses and consequential revenue base increase.	June 2009		System for monitoring and measurement of electricity losses not implemented due to lack of funding.	Development of business plan and source funding from DME to implement the project before the end of 2009-10 financial year.
Electricity ring fencing roll out plan completed.	Electricity ring fencing roll out plan in place.	Continuous			
Electrical network maintained in terms of Electricity Master Plan	Electricity Master Plan developed and implemented.	June 2009		EMP not developed due to lack of funding	Inclusion of the professional fees for development of Electricity Master Plan in the 2009-10 budget year and implement accordingly.

KPA: Roads and Stormwater**IDP / Strategic Objective:** To ensure efficient provision of roads and stormwater

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Number of roads and storm water upgrading and maintenance projects completed in terms of the SDBIP.	Number of roads and storm water upgraded.	June 2009			
Development of Roads and storm-water Master Plan	Roads and storm-water Master plan developed and implemented.	June 2009		Roads and storm-water Master Plan not developed due to lack of capacity and funding	Source funding the district municipality for development of Roads and storm-water Master Plan before the end of 2009-10 financial year.

KPA: Cemeteries**IDP / Strategic Objective:** To ensure the provision of basic infrastructure and services at the cemeteries

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Cemeteries in 2 towns completed.	Fenced cemeteries.	June 2009			

KPA: Transformation**IDP / Strategic Objectives:** To ensure the implementation of the municipality's Employment Equity Plan

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Employment Equity targets achieved in the Directorate.	Employment Equity repots.	Continuous			

KPA: Staff development**IDP / Strategic Objectives:** To provide training and development.

Develop and implement a Skills Plan/Policy according to legal requirements.

Develop and implement a Skills Plan/Policy according to legal requirements.				Actual Performance	Corrective measures taken / to be taken to improve performance
Planned Performance					
2008/09				As at 30 June 2009	
Key Performance Indicator	Performance Measure	Target			
Skill needs assessment undertaken and submitted.	Skills audit report.	June 2009			

KPA: Planning and Management**IDP / Strategic Objectives:** To ensure efficiency in departmental business operations.

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Departmental meetings to be held at least on a bi-weekly basis. Minutes should be available for inspection.	Minutes of departmental meetings.	Continuous			
Performance of staff monitored and evaluated against the approved departmental business plan.	Monthly performance evaluation reports of staff.	Continuous			
Departmental budget drawn up in line with prescribed format and submitted	Compliant departmental budget with prescribed format.	June 2009			

to the Finance department in time.					
Expenditure occurred as planned: – 100% of Capex Budget spent – 100% of Operational Budget spent.	100% of Capex Budget spent as planned. 100% of Operational Budget spent as planned.	June 2009			

KPA: Support to Council and Management

IDP / Strategic Objectives: To ensure that Council and management functions in respect of designated areas of responsibility

Planned Performance				Actual Performance	Corrective measures taken / to be taken to improve performance
2008/09					
Key Performance Indicator	Performance Measure	Target		As at 30 June 2009	
Reports prepared and submitted accordingly and number of meetings attended in the following structures: e) Municipal Manager (One on one meetings) f) Management Committee g) Portfolio Committees h) Council.	Minutes of scheduled meetings attended.	June 2009			

CHAPTER EIGHT
AUDITED ANNUAL FINANCIAL STATEMENTS

KGETLENGRIVIER LOCAL MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2009

KGETLENGRIVIER LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2009

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 22 in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 20 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Mr S K Khote
Municipal Manager

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AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

REPORT OF THE AUDITOR-GENERAL TO THE NORTH WEST PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE KGETLENG RIVIER LOCAL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Kgetleng Rivier Local Municipality which comprise the statement of financial position as at 30 June 2009, the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 16.

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Recognised Accounting Practice (GRAP), as set out in accounting policy note 1 and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), Auditor-General audit circular 1 of 2007 and the Division of Revenue Act (Act No. 1 of 2007) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for disclaimer of opinion

Revenue

7. I did not obtain sufficient and appropriate audit evidence to determine the accuracy, occurrence, cut-off and completeness of revenue amounting to R77 503 600 as reflected in the statement of financial performance, due to the following:
- There was a difference of R1 123 939 between the conditional grants recognised as revenue and the conditional grants reconciliation.
 - Supporting documentation of R4 259 425 relating to water meter readings could not be presented.
 - There was a difference of R1 008 183, relating to the investments interest, between the investment register and the accounting records.
 - According to paragraph 13, GRAP 9 - Revenue, *amounts collected as agent of the entity or on behalf of other third parties do not result in increases in assets or decreases in liabilities, therefore they are excluded from revenue. The municipality, however, recognised all of the licence and permit fees collected on behalf of the Department of Public Safety as income, therefore revenue was overstated by R4 130 236. Furthermore, there was a difference of R2 989 732 relating to licences and permits between the e-NATis reports and the accounting records.*
 - *Interest earned on the main cheque account of R544 922 was not recorded in the accounting records.*
 - The official interest rate charged on all the arrear accounts for the first nine months of the financial period was not approved by the council and the interest rate used for the last three months of the financial period was not in accordance with the approved interest rate of prime plus one per cent. I was unable to confirm the accuracy of interest earned on outstanding debtors of R9 182 019.
 - The electricity and water tariffs approved by the council were not approved by the National Electricity regulator of South Africa (NERSA) and the Department of Water Affairs and Forestry (DWAF), respectively. In the absence of such approval, the fee structure previously approved by NERSA and DWAF applied, with the result that revenue was overstated.
 - It was not possible to follow some electricity meter readings to the debtors sub-ledger. Furthermore, billing for several service accounts was based on an estimated consumption for more than a year.
 -I was unable to verify the accuracy and occurrence of property rates amounting to R2 358 492 since the municipality did not perform rate reconciliation between the valuation roll and rates used on the system.
8. I was unable to perform alternative procedures relating to the above limitations, due to a lack of alternative documentation and system limitations.

Expenses

9. I did not obtain sufficient and appropriate audit evidence to determine the accuracy, occurrence, classification and completeness of the expenditure as reflected in the statement of financial performance, due to the following:
- Supporting documentation of R1 153 535 relating to tender documentation was not provided.
 - I was unable to determine accuracy of the depreciation due to the material difference of R156 564 803 between the fixed asset register and the statement of financial position.
 - Repairs and maintenance amounting to R1 986 620 were erroneously included under general expenses, resulting in overstatement of general expenses.
 - The municipality accounted for all of the licence and permit fees collected on behalf of the Department of Transport as income. Consequently they accounted for the transfer of those monies to the department as expenditure in the statement of financial performance, therefore expenditure is overstated by R7 270 434.
 - Expenditure supporting documentation of R481 166 could not be presented for audit.
 - Thirty-one employees could not be verified, which cast significant doubt on the existence of these employees.
10. I was unable to perform alternative procedures relating to the above limitations, due to a lack of alternative documentation and system limitations.

Creditors

11. I was unable to verify the completeness, existence, valuation and allocation of and obligation relating to the opening balance included in the statement of financial position and notes to the financial statements due to the impact of the audit qualification on the creditor balance during the 2007-08 financial year.
12. I did not obtain sufficient appropriate audit evidence to determine the existence, valuation and completeness of and the obligations or rights relating to creditors as disclosed in the statement of financial position, due to the following:
- There was a difference of R299 948 between the payroll system report and the accounting records, therefore leave provision was overstated.
 - Municipal infrastructure grants (MIGs) amounting to R13 524 000 were offset against trade creditors, resulting in trade creditors being stated at debit balance in the AFS.
 - Payments of R8 490 184 already made were included in the trade creditors balance.
 - Supporting documents of other creditors amounting to R1 878 802 were not presented for audit.

- Furthermore, creditors with debit balances were incorrectly disclosed under current liabilities. This was also indicative of duplicate payments made to creditors.
- Supporting documents for the suspense accounts amounting to R3 148 313 were not presented for audit.

Unspent conditional grants and receipts

13. I did not obtain sufficient appropriate audit evidence to determine the existence, valuation and completeness of and obligations relating to creditors as disclosed in the statement of financial position, due to the following:

- Municipal system improvement grant (MSIG) of R2 520 000 was wholly recognised as revenue without the conditions of the grants being met, therefore unspent conditional grants were understated by R2 397 909 as only R195 735 had met the revenue recognition criteria.
- There was a difference of R3 100 461 between the accounting records and the financial statements, therefore MIG unspent balance was understated by R3 100 461
- There was a difference of R165 222 between the accounting records and the financial statements, therefore the Rural Development Programme (RDP) unspent balance was understated by R165 222.
- There was a difference of R226 269 between the accounting records and the financial statements, therefore unspent conditional grant from Department of Minerals and Energy (DME) was overstated by R226 269.

14. Furthermore, the unspent conditional grants balance as disclosed in the statement of financial position was not fully backed by cash as the investments at year-end were not sufficient to cover the total balance of unspent conditional grants.

Provisions

15. According to GRAP 19 paragraph 20, *A provision shall be recognised when an entity has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.* The municipality has an obligation to rehabilitate its landfill sites in terms of its licence stipulations; however, no provision was raised in the financial statements for the costs of rehabilitating the landfill sites.

Net assets

16. I was unable to verify the completeness, existence, valuation and allocation of and the, rights and obligations relating to the opening balances included in the statement of

changes in net assets, due to the impact of the audit qualification on net assets during the 2007-08 financial year.

17. I did not obtain sufficient appropriate audit evidence to determine the existence, valuation and completeness of and obligations relating to funds and reserves as disclosed in the statement of changes in net assets, due to the following:

- Fixed asset register did not contain the funding source of the assets, therefore it was not possible to reconcile the assets register with the reserves.
- Housing Development Fund was not cash backed as the investments at year-end could only cover part of the unspent conditional grants.

Property, plant and equipments (PPE)

18. I was unable to verify the completeness, existence, valuation and allocation of and the rights and obligations relating to the opening balance included in the statement of financial position and notes to the financial statements, due to the impact of the audit qualification on the PPE balance during the 2007-08 financial year.

19. I did not obtain sufficient appropriate audit evidence to determine the existence, valuation and completeness of and the rights relating to the PPE amounting to R201 164 748 as disclosed in the statement of financial position, due to the following:

- The difference of R156 564 803 between the fixed asset register and the statement of financial position.
- The assets register contains insufficient details to trace assets from the register to the physical location and vice versa. Furthermore, the municipality did not conduct physical count of the assets.
- Depreciation charges were not calculated on new additions, which is in contravention of the Statement of Generally Recognised Accounting Principles (GRAP) 17, paragraph 65. Consequently, accumulated depreciation was understated by R272 272.
- No maintenance and service plans for the infrastructure were available, therefore it was not possible to determine the accuracy of the useful life of infrastructure assets.
- The Statement of GRAP 17, PPE states that each significant part must be accounted for and depreciated separately. Infrastructure assets were not broken up into serviceable parts.
- Land held for development was not accounted for as an asset. It was not possible to quantify the understatement because the municipal valuation roll did not include such values.
- Disposed assets with the carrying value of R178 943 were not removed from the asset register and this carrying value of disposed assets was not disclosed in the PPE note to the financial statements, as required by GRAP 17.82, Disclosure.

- VAT amounting to R85 584 relating to newly purchased assets was wrongly capitalised.

Investments

20. I was unable to determine the existence, valuation and completeness of and rights relating to the investments as disclosed in the statement of financial position, due to the difference of R3 918 966 between the investment register and the accounting records. We were unable to obtain an explanation for this.

Long-term liabilities

21. I did not obtain sufficient appropriate audit evidence to determine the existence, valuation and completeness of and obligations relating to the long-term liability, due to the following:

- The contract agreement between the Development Bank of Southern Africa and Kgetleng River Local Municipality was not available.
- Furthermore, the short-term portion of the obligation due within the 12 months after year-end was not disclosed as a short-term portion.

Inventory

22. I was unable to verify the completeness, existence, valuation and allocation of and rights and obligations relating to the opening balance included in the statement of financial position and notes to the financial statements, due to the impact of the audit qualification on the inventory balance during the 2007-08 financial year.

23. I did not obtain sufficient appropriate audit evidence to determine the existence, valuation and completeness of and rights relating to the inventory as disclosed in the statement of financial position, due to the following:

- Only stock purchases were accounted for, while stock issued was disregarded, thus significantly inflating year-end stock quantities. Furthermore, the inventory list did not contain year-end values, therefore it was not possible to determine the accuracy of the stock valuation at year-end.
- Other inventory amounting to R66 991 showed no movement during the past financial year, which indicates that the stock might have been damaged or no longer be in use.

Trade and other receivables

24. I was unable to verify the completeness, existence, valuation and allocation of and rights and obligations relating to the opening balance included in the statement of financial position and notes to the financial statements, due to the impact of the audit qualification on the trade and other receivables balance during the 2007-08 financial year.

25. I did not obtain sufficient appropriate audit evidence to determine the existence, valuation and completeness of and rights relating to the trade receivables as disclosed in the statement of financial position, due to the following:

- Debtor account with credit balances amounting to R1 853 457 was erroneously offset against other debtor account, therefore debtors were understated by the above-mentioned amount while creditors were understated by the same amount.
- A difference on the capital suspense account, for which we could not obtain supporting evidence, amounting to R1 847 596 was noted between the general ledger and the financial statements.
- Insufficient details were provided, therefore it was not possible to reperform a provision for doubtful debt calculation.
- No supporting documentation could be obtained to substantiate the R950 096 opening balance of Town Hall deposits included in the debtors balance.
- Unallocated deposits amounting to R1 293 219 was not cleared at year-end, therefore it was not possible to assess the impact upon outstanding accounts.
- The VAT refund for May and June 2009 amounting to R529 199 was not accounted for as a debtor, therefore trade receivables were understated by the above-mentioned amount.

Bank and cash

26. It was not possible to verify the accuracy of the reconciliation between the cashbook and the bank statement, due to the following:

- R417 134 difference between the outstanding cheque listing and the bank reconciliation.
- Supporting documents of R2 264 243 relating to the outstanding deposits on the bank reconciliation.

27. Furthermore, the negative cash book balance was incorrectly disclosed under current assets.

Cash flow statement

28. Profit on sale of assets amounting to R1 278 452 was erroneously disclosed as cash flow from operating activities. Profit on sale of assets should be accounted as extraordinary activity.
29. Interest charged on outstanding debtors was disclosed as actual interest received under cash flow from operating activities and there was no supporting evidence that this interest was actually received in cash from the debtors.

Commitments

30. No supporting documentation for commitments could be provided, therefore it was not possible to determine the completeness of commitments as none was disclosed in the financial statements.

Contingent liabilities

31. No legal confirmation from the municipal attorneys or representation from management could be obtained, therefore it was not possible to determine the completeness of contingent liabilities as none was disclosed in the financial statements.

Disclaimer of opinion

32. Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the municipality. Accordingly, I do not express an opinion on the financial statements.

Other matters

33. Without qualifying my opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Other information included in the annual report

34. I have obtained the other information included in the annual report and I have not identified any material inconsistencies with the financial statements.

Unaudited supplementary schedules

35. The municipality provided supplementary information in the financial statements on whether resources were obtained and used in accordance with the legally adopted budget, in accordance with GRAP 1 *Presentation of Financial Statements*. The supplementary budget information set out on pages 16 to 22 does not form part of the financial statements and is presented as additional information. Accordingly, I do not express an opinion thereon.

Non-compliance with applicable legislation

Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) (MSA)

36. Council members had not declared their business interests, as required by schedule 1, Code of Conduct for Councillors, paragraph 7 of the MSA.
37. Section 57 managers did not enter into a separate performance agreement with the municipality, as required by section 57 of the MSA.

Municipal Finance Management Act, Act 56 of 2003,

38. The municipality had no audit committee in operation throughout the financial year, as required by section 166 of the MFMA.
39. The municipality had no internal audit function in operation throughout the financial year, as required by section 165 of the MFMA.
40. The accounting officer did not submit the monthly financial report on the state of the municipal budget, as required by section 71 of the MFMA.

Governance framework

41. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices of the accounting officer and executive management and are reflected in the key governance responsibilities addressed below:

Key governance responsibilities

42. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.		N
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.	Y	
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.		N
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines section 126 of the MFMA.		N
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	Y	
Development of and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	<ul style="list-style-type: none"> The municipality had an audit committee in operation throughout the financial year. 		N
	<ul style="list-style-type: none"> The audit committee operates in accordance with approved, written terms of reference. 		N
	<ul style="list-style-type: none"> The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA. 		N
7.	Internal audit		
	<ul style="list-style-type: none"> The municipality had an internal audit function in operation throughout the financial year. 		N
	<ul style="list-style-type: none"> The internal audit function operates in terms of an approved internal audit plan. 		N
	<ul style="list-style-type: none"> The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA. 		N
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.		N
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.		N

No.	Matter	Y	N
10.	The information systems were appropriate to facilitate the preparation of the financial statements.		N
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 62(1)(c)(i) of the MFMA.		N
12.	Powers and duties have been assigned, as set out in section 79 of the MFMA.		N
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.		N
14.	SCOPA resolutions have been substantially implemented.		N
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		N
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		N
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the Bojanala Platinum District Municipality against its mandate, predetermined objectives, outputs, indicators and targets as per section 68 of the MFMA.		N
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.		N

43. Significant difficulties in obtaining various supporting documents were experienced. Management did not keep to the agreed-upon five-day turnaround period for information requests, nor for management comments on audit findings.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

44. I have not reviewed the performance information as set out on pages xx to xx.

The accounting officer's responsibility for the performance information

45. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality, prepared by the municipality in terms of section 46 of the MSA.

The Auditor-General's responsibility

46. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.

47. In terms of the foregoing my engagement included performing procedures to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

48. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the findings reported below.

Findings on performance information

Usefulness and reliability of reported performance information

49. The entity has not developed policies and procedures giving guidance for the recording of performance processes and related controls.

50. Contrary to section 41 of the Municipal Systems Act 32 of 2000, management did not establish an effective performance management system. The entity did not have the following in place regarding the performance management system:

- Staffing structure adequate for proper performance management and measurement and positions filled with skilled individuals
- Controls in place to ensure that the performance information reported to different role players is consistent and aligned with objectives
- For the roles, responsibilities and accountabilities for the under-mentioned areas there was no clear documentation and no communication with the relevant staff.
 - i) Developing and evaluating output performance measures;
 - ii) Collecting, coordinating and compiling performance information;
 - iii) Ensuring data integrity and quality assurance over performance information;
 - iv) Monitoring and managing data measurement and reporting processes;
 - v) Reporting sufficient and appropriate information to stakeholders.

APPRECIATION

51. The assistance rendered by the staff of the Kgetleng Rivier Local Municipality during the audit is sincerely appreciated.

Auditor - General

Rustenburg

6 September 2010



AUDITOR - GENERAL
SOUTH AFRICA

KGETLENGRIVIER LOCAL MUNICIPALITY					
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009					
	Note	2009		2008	
		R		R	
NET ASSETS AND LIABILITIES					
Net Assets		203 644 767		212 260 031	
Housing Development Fund	2	1 932 278		1 932 278	
Capital replacement reserve		16 173 297		19 303 753	
Government grant reserve		36 948 219		36 948 219	
Accumulated Surplus/(Deficit)		148 590 973		154 075 781	
Non-current liabilities		17 478		13 233	
Long-term liabilities	3	17 478		13 233	
Current liabilities		24 219 578		29 271 194	
Consumer deposits	4	1 234 502		1 095 403	
Creditors	6	(1 490 240)		8 467 794	
Unspent conditional grants and receipts	7	17 991 897		14 121 828	
VAT	8	6 483 419		5 581 924	
Current portion of long-term liabilities	3	-		4 245	
Total Net Assets and Liabilities		227 881 823		241 544 458	
ASSETS					
Non-current assets		215 188 812		222 847 668	
Property, plant and equipment	9	201 164 748		203 183 846	
Investments	11	13 997 657		19 637 414	
Long-term receivables	10	26 407		26 407	
Current assets		12 693 011		18 696 791	
Inventory	12	1 967 231		1 309 972	
Consumer debtors	13	10 436 534		9 210 655	
Other debtors	13	2 484 620		2 280 954	
Current portion of long-term debtors	10	-		-	
Call investment deposits	11	3 314 280		3 747 279	
Bank balances and cash	25	(5 509 654)		2 147 931	
Total Assets		227 881 823		241 544 458	

[illegible]

KGETLENGRIVIER LOCAL MUNICIPALITY					
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009					
	HOUSING DEVELOPMENT FUND	CAPITAL REPLACEMENT RESERVE	GOVERNMENT GRANT RESERVE	ACCUMULATED SURPLUS/ (DEFICIT)	TOTAL
	R	R	R	R	R
2008					
Balance at 30 June 2007	1 932 278	19 269 592	-	158 706 018	179 907 888
Surplus/(deficit) for the year				33 732 584	33 732 584
Transfer to CRR		34 161			34 161
Property, plant and equipment purchased			39 874 373	(39 874 373)	0
Offsetting of depreciation			(2 926 153)	2 589 444	(336 710)
Transfers from appropriation				(1 077 892)	(1 077 892)
Balance at 30 June 2008	1 932 278	19 303 753	36 948 219	154 075 781	212 260 032
2009					
Deficit for the year				(8 603 973)	(8 603 973)
Capital grants used to purchase PPE		(11 292)			(11 292)
Offsetting of depreciation		(3 119 165)	0	3 119 165	0
Balance at 30 June 2009	1 932 278	16 173 297	36 948 219	148 590 973	203 644 767

KGETLENGRIVIER LOCAL MUNICIPALITY				
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009				
	Note	2009	2008	
		R	R	
CASH FLOW FROM OPERATING ACTIVITIES				
Cash receipts from ratepayers, government and other		48 971 836	102 534 915	
Cash paid to suppliers and employees		(75 884 787)	(41 502 652)	
Cash generated from/(utilised in) operations	24	(26 912 951)	61 032 263	
Interest received		10 420 332	6 924 782	
Interest paid		(135 532)	(129 026)	
NET CASH FROM OPERATING ACTIVITIES		(16 628 151)	67 828 019	
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment		(1 100 067)	(39 874 373)	
Movement due to reserve adjustments		-	(47 260 512)	
(Increase)/decrease in non-current receivables		-	(26 407)	
(Increase)/Decrease in non-current investments		5 639 757	(19 637 414)	
Decrease in current call investment deposits		432 999	16 491 406	
NET CASH FROM INVESTING ACTIVITIES		4 972 689	(90 307 300)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Movement in Capital Replacement Reserve		(11 292)	34 161	
New loans raised/(repaid)		-	(18 559)	
Increase in consumer deposits		139 100	74 893	
Increase in government conditional grants		3 870 069	14 121 828	
NET CASH FROM FINANCING ACTIVITIES		3 997 877	14 212 323	
NET DECREASE IN CASH AND CASH EQUIVALENTS		(7 657 585)	(8 266 958)	
Cash and cash equivalents at the beginning of the year		2 147 931	10 414 889	
Cash and cash equivalents at the end of the year	25	(5 509 654)	2 147 931	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1. ACCOUNTING POLICIES BASIS OF PREPARATION

The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, with the effective Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement as follows:

Standard of GRAP Replaced Statement of GAAP

GRAP 1: Presentation of financial statements AC101: Presentation of financial statements

GRAP 2: Cash flow statements AC118: Cash flow statements

GRAP 3: Accounting policies, changes in accounting estimates and errors AC103: Accounting policies, changes in accounting estimates and errors

Currently the recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1, 2 & 3 has resulted in the following changes in the presentation of the financial statements:

1. Terminology differences:

Standard of GRAP Replaced Statement of GAAP

Statement of financial performance Income statement

Statement of financial position Balance sheet

Statement of changes in net assets Statement of changes in equity

Net assets Equity

Surplus/deficit Profit/loss

Accumulated surplus/deficit Retained earnings

Contributions from owners Share capital

Distributions to owners Dividends

2. The cash flow statement can only be prepared in accordance with the direct method.

3. Specific information has been presented separately on the statement of financial position such as:

(a) Receivables from non-exchange transactions, including taxes and transfers

(b) Taxes and transfers payable

(c) Trade and other payables from non-exchange transactions

4. Amount and nature of any restrictions on cash balances is required.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

5. RESERVES

5.1 Capital Replacement Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit). The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

5.2 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit). When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost, less accumulated depreciation and accumulated impairment losses, except land and buildings, which are revalued as indicated below. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:-

	<u>Years</u>	<u>Other</u>	<u>Years</u>
Infrastructure			
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
Community		Specialised plant and equipment	10-15
Buildings	30	Other items of plant and equipment	2-5
Recreational Facilities	20-30	Landfill sites	15
Security	5		

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The Municipality has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. Provision is made for this obligation in accordance with the Municipality's accounting policy on non-current provisions – see Accounting Policy 14 on Provisions.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

8. INVESTMENTS

Investments are made in accordance with the investment policy of the Council.

They include a 32 day account, fixed deposits, call accounts and short-term deposits invested in registered commercial banks, are stated at cost.

9. INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first-in, first-out method.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs. Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

10. ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on the accounting policy of the municipality. The Bad debt provision policy is to provide for 100% of receivable accounts that are 180 days and more in arrears where there has not been any payment in the past 12 months. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

11. TRADE CREDITORS

Trade creditors are stated at their nominal value.

KGETLENGRIVIER LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

ACCOUNTING POLICIES (Continued)

12. REVENUE RECOGNITION

12.1 Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised

12.2 Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Revenue from Regional Levies, both those based on turnover as well as those based on remuneration, is recognised on the payment due basis. Where declarations have not been submitted, estimated levies based on average data is accrued. Estimates are reviewed regularly to ensure that average data is appropriate.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

13. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the

criteria, conditions or obligations have not been met a liability is recognised.

14. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate.

15. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments.

16. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

17. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

ACCOUNTING POLICIES (Continued)

19. COMPARATIVE INFORMATION

20.1 Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current financial year only.

20.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

22. RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

23. BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

	KGETLENGRIVIER LOCAL MUNICIPALITY				
	NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30				
	JUNE 2009				
		2009		2008	
		R		R	
	2. HOUSING DEVELOPMENT FUND				
	Housing Development Fund	1 932 278		1 932 278	

3. LONG-TERM LIABILITIES			
Annuity Loans -DBSA	17 478		17 478
Less : Current portion transferred to current liabilities	-		(4 245)
Total External Loans	17 478		13 233
The external loan is repayable in 2011 . The interest rate is computed at 16.05 % per annum.			
The loan is unsecured.			
4. CONSUMER DEPOSITS			
Electricity and Water	1 234 502		1 095 403
	1 234 502		1 095 403
5. PROVISIONS			
	-		-
6. CREDITORS			
Trade creditors	(5 125 828)		2 287 010
Payment Received in advance	354 424		1 192 769
Other creditors	1 878 802		3 583 065
Leave provision	1 402 362		1 404 951
Total Creditors	(1 490 240)		8 467 795
7. UNSPENT CONDITIONAL GRANT AND RECEIPTS			
MIG	(1 089 434)		1 857 159
BPDM	10 779 183		10 431 990
DBSA	-		-
RDP	101 216		101 216
CEMETERY	1 577 180		1 731 463
Provincial Grant	1 554 021		-
Library Grant	69 730		-
DMEA	5 000 000		-
	17 991 897		14 121 828
8.VAT			
VAT Payable	6 483 419		5 581 924
VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS			
KGETLENGRIVIER LOCAL MUNICIPALITY			
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009			
9. PROPERTY, PLANT AND EQUIPMENT			

30 June 2008								
	Land and Buildings	Infrastructure	Equipment	Vehicle	Other Assets	Total		
	R	R	R	R	R	R		
Carrying Value	8 185 586	131 478 785	19 972 627	6 585 279	13 349	166 235 627		
Cost	8 360 656	134 290 793	20 399 792	6 726 122	13 635	169 790 999		
Accumulated Depreciation	(175 070)	(2 812 008)	(427 165)	(140 843)	(286)	(3 555 372)		
Additions	-	38 247 608	364 167	1 262 598	-	39 874 373		
Depreciation	(12 622)	(2 468 265)	(109 606)	(138 085)	(197 575)	(2 926 153)		
Carrying Value	8 172 964	167 258 128	20 227 188	7 709 791	(184 225)	203 183 846		
Cost	8 360 656	172 538 401	20 763 959	7 988 720	13 635	209 665 372		
Accumulated Depreciation	(187 692)	(5 280 273)	(536 771)	(278 928)	(197 861)	(6 481 525)		
30 June 2009								
	Land and Buildings	Infrastructure	Equipment	Vehicle	Other Assets	Total		
	R	R	R	R	R	R		
Carrying Value	8 172 964	167 258 128	20 227 188	7 709 791	(184 225)	203 183 846		
Cost	8 360 656	172 538 401	20 763 959	7 988 720	13 635	209 665 372		
Accumulated Depreciation	(187 692)	(5 280 273)	(536 771)	(278 928)	(197 861)	(6 481 525)		
Additions	-	-	129 636	882 500	87 931	1 100 067		
Depreciation	(3 119 165)	-	-	-	-	(3 119 165)		
Carrying Value	5 053 798	167 258 128	20 356 824	8 592 291	-96 295	201 164 748		
Cost	8 360 656	172 538 401	20 893 595	8 871 220	101 566	210 765 439		
Accumulated Depreciation	(3 306 858)	(5 280 273)	(536 771)	(278 928)	(197 861)	(9 600 691)		

[illegible]

	R	R
10. LONG-TERM RECEIVABLES		
Vehicle loans	3 667	3 667
Study loans	13 903	13 903
Housing loans	8 837	8 837
	26 407	26 407
Less: Current portion transferred to current receivables	-	-
Total	26 407	26 407
11. INVESTMENTS		
Long term investments	13 997 657	19 637 414
Short term investments	3 314 280	3 747 279
Total Investments	17 311 937	23 384 693
12. INVENTORY		
Electricity	1 241 876	859 981
Water	658 364	383 000
Diesel	(60)	(60)
Petrol	60	60
Other	66 991	66 991
	1 967 231	1 309 972
13. DEBTORS		
Consumer debtors	10 436 534	9 210 655
Other debtors	1 416 816	1 293 945
Deposits	1 067 804	987 009
	12 921 155	11 491 609
Reconciliation of bad debt provision		
Balance at beginning of the year	46 864 611	37 000 000
Contribution to the provision	16 681 886	9 864 611
Write -off of bad debts		
Balance at end of the year	63 546 497	46 864 611
14. BANK AND CASH		
The Municipality has the following bank accounts: -		
Current Account (Primary Bank Account)		
ABSA bank- Koster		
Account Number -1700000032		
Cash book balance at beginning of year	1 687 761	10 369 358
Cash book balance at end of year	(5 776 093)	1 687 761
Bank statement balance at beginning of year	5 893 717	11 569 161
Bank statement balance at end of year	1 840 791	5 893 717
ABSA bank- Koster		
Account Number -4060451122		
Cash book balance at beginning of year	20 933	1 772 589
Cash book balance at end of year	27 642	20 933
Bank statement balance at beginning of year	64 212	1 807 592
Bank statement balance at end of year	27 642	64 212

ABSA bank- Koster				
Account Number -4050380272				
Cash book balance at beginning of year		350 426	335 513	
Cash book balance at end of year		238 796	350 426	
Bank statement balance at beginning of year		350 426	335 513	
Bank statement balance at end of year		238 796	350 426	
Petty cash		5 320	5 320	

KGETLENGRIVIER LOCAL MUNICIPALITY				
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009				
		2009	2008	
		R	R	
15. PROPERTY RATES				
Actual				

Residential	2 358 492	2 034 204
Total Assessment Rates	2 358 492	2 034 204
<u>Valuations</u>		
Residential	9 014	-
Total Property Valuations	9 014	-
16. SERVICE CHARGES		
Sale of electricity	11 477 766	10 193 062
Sale of water	5 208 195	4 807 468
Fire brigade Services	-	5 783 636
Sanitation and refuse	3 393 878	3 065 098
Total Service Charges	20 079 840	23 849 264
17. GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	19 866 144	15 674 841
Financial Management Grant	1 500 000	2 000 000
Municipal System Improvement	2 520 000	734 000
Government and Provincial grants	-	-
	23 886 144	18 408 841
Total conditional grants	13 791 163	38 247 608
MIG	8 490 184	8 296 554
BPDM	855 000	28 615 961
DBSA	1 000 000	-
RDP	-	42 000
Provincial Grant	3 445 979	-
Cemetery	-	1 293 093
17.1 Equitable Share		
17.2 MIG		
Balance unspent at the beginning of the year	1 036 670	
Current year receipts	(8 524 000)	
Conditions met-transferred to revenue	8 576 764	
Conditions still to be met-transferred to liabilities	1 089 434	

KGETLENGRIVIER LOCAL MUNICIPALITY			
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009			
	2009	2008	
	R	R	
17.3 BPDM			
Balance unspent at the beginning of the year	(10 931 990)		
Current year receipts	(1 355 000)		

Conditions met-transferred to revenue		1 507 808		
Conditions still to be met-transferred to liabilities		(10 779 183)		
17.4 DBSA				
Balance unspent at the beginning of the year		-		
Current year receipts		(1 000 000)		
Conditions met-transferred to revenue		1 000 000		
Conditions still to be met-transferred to liabilities		-		
17.5 RDP				
Balance unspent at the beginning of the year		(101 216)		
Current year receipts		-		
Conditions met-transferred to revenue		-		
Conditions still to be met-transferred to liabilities		(101 216)		
17.6 CEMETRY				
Balance unspent at the beginning of the year		(1 731 463)		
Current year receipts		-		
Conditions met-transferred to revenue		154 282		
Conditions still to be met-transferred to liabilities		(1 577 180)		
17.7 Provincial Grant				
Balance unspent at the beginning of the year		-		
Current year receipts		(5 000 000)		
Conditions met-transferred to revenue		3 445 979		
Conditions still to be met-transferred to liabilities		(1 554 021)		
17.8 DME Grant				
Balance unspent at the beginning of the year		-		
Current year receipts		(5 000 000)		
Conditions met-transferred to revenue		-		
Conditions still to be met-transferred to liabilities		(5 000 000)		
17.9 Library Grant				
Balance unspent at the beginning of the year				
Current year receipts		(300 000)		
Conditions met-transferred to revenue		230 270		
Conditions still to be met-transferred to liabilities		(69 730)		
			56 656 449	
The Equitable Share is an unconditional grant and is utilised to assist the local municipalities undertake service delivery				
18. OTHER INCOME				
Other income		344 704	176 874	
Profit on sale of asset		1 278 452	-	
Total other income		1 623 156	176 874	
19. EMPLOYEE RELATED COSTS				
Employee related costs - Salaries and Wages		17 299 410	15 488 696	
Employee related costs - Contributions for UIF, pensions and medical aids		2 033 197	318 883	
Travel, motor car, accommodation, subsistence and		255 479	415 302	

other allowances				
Total Employee Related Costs		19 588 086		16 222 882
There were no advances to employees. Loans to employees are set out in note 6.				

KGETLENGRIVIER LOCAL MUNICIPALITY					
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009					
			2009		2008
			R		R
19. EMPLOYEE RELATED COSTS (continued)					
Remuneration of the Municipal Manager					
Annual Remuneration			449 864		500 000
Travel Allowance			72 480		12 000
Contributions to UIF, Medical and Pension Funds			1 262		1 501

Total			523 606		513 501
Remuneration of the Chief Finance Officer					
Annual Remuneration			279 000		240 000
Housing			-		60 000
Telephone Allowance			-		12 000
Travel Allowance			161 000		78 000
Contributions to UIF, Medical and Pension Funds			1 539		1 127
Total			441 539		391 127
Remuneration of Individual Executive Directors					
30 June 2009			Community Services	Corporate Services	Technical Services
			R	R	R
Annual Remuneration			319 500	100 500	176 736
Performance Bonuses			-	-	14 728
Travel Allowance			146 174	9 500	230 988
Telephone Allowance			-	-	-
Acting Allowance			-	-	-
Contributions to UIF ,Medical and pension funds			1 539	374	24 281
Total			467 213	110 374	446 733
30 June 2008			Community Services	Corporate Services	Technical Services
			R	R	R
Annual Remuneration			300 000	-	203 083
Performance Bonuses			-	-	-
Car Allowance			78 000	-	-
Telephone Allowance			-	-	6 000
Acting Allowance			15 881	-	-
Contributions to UIF,Medical and pension funds			1 501	-	771
Total			395 382	-	209 854
20. REMUNERATION OF COUNCILLORS					
Mayor / Speaker			501 671		444 760
Councillors			1 131 091		1 275 398
Councillors telephone allowance			-		96 089
Total Councillors' Remuneration			1 632 762		1 816 246
In kind benefits					
The Mayor is full time and is provided with an office and secretarial support at the cost of the Council					
The Mayor has a full time driver/ bodyguard.					
21. INTEREST PAID					

Bank charges & interest			135 532		129 026
Total bank charges and Interest			135 532		129 026
22. BULK PURCHASES					
Electricity			7 099 038		6 755 663
Water			231 400		287 244
Total Bulk Purchases			7 330 438		7 042 907
23. GRANTS AND SUBSIDIES PAID					
			-		-
The municipality did not pay any grants			-		-

KGETLENGRIVIER LOCAL MUNICIPALITY					
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009					
			2009 R	2008 R	
24. CASH GENERATED BY OPERATIONS					
Surplus/(deficit) for the year			(8 603 973)	33 732 584	
Adjustment for:-					
Depreciation			3 119 165	2 926 153	
Interest earned-Investment income			(1 238 313)	2 295 201	
Interest earned-Outstanding Debtors			(9 182 019)	(4 629 581)	
Interest paid			135 532	129 026	
Operating surplus/(deficit) before working capital changes:			(15 769 608)	29 862 981	
(Increase)/decrease in consumer debtors			(1 225 879)	5 344 655	

(Increase)/decrease in other debtors		(203 666)	20 196 107
(Increase)/decrease in other debtors		-	26 513
(Increase)/decrease in stock		(657 259)	(259 129)
Increase/(decrease) in creditors		(9 958 034)	4 977 582
Increase in VAT		901 495	883 553
Cash generated by operations		(26 912 951)	61 032 262
25. CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :			
Bank balances and cash		(5 509 654)	2 147 931
Total cash and cash equivalents		(5 509 654)	2 147 931
26. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED			
26.1 Fruitless and wasteful expenditure			
Reconciliation of fruitless and wasteful expenditure			
Opening balance		20 207	-
Fruitless and wasteful expenditure current year		-	20 207
		20 207	20 207
Incident			
<i>During the previous year SARS has summoned the Municipality to account for VAT on unidentified deposit including interest penalties of R 20,207.27</i>			
27. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT			
No internal audit and audit committee exist as required by section 165(1) and 166(1) respectively. We have frequently been promised that we will use the shared services that was to be set up at Bojanala District municipality to address some of the responsibilities of the foregoing.			
A fixed asset register was kept excluding the infrastructure, land and buildings and heritage sites.			

APPENDIX A

KGETLENGRIVIER LOCAL MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS 30 June 2009

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/08	Received during the period	Redeemed written off during the period	Balance at 30/06/09
LONG-TERMS LOANS						
Lening Kosterdam@16.05%		30/06/2011	17 478	-	-	17 478
TOTAL LONG-TERM LOANS			17 478		-	17 478

APPENDIX B
KGETLENGRIVIER LOCAL MUNICIPALITY: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT PER ASSET CATEGORY
AND TYPE
30 JUNE 2009

	Cost				Carrying Value			
	Opening Balance	Additions	Closing Balance	Opening Balance	Accumulated Depreciation	Closing Balance		Budget additions 2009
COMMUNITY								
SPORTSFIELDS	1 570 930	-	1 570 930	(109 092)	(52 364)	(161 456)	1 409 474	-
OTHER COMMUNITY	148 770	31 403	180 173	(10 331)	(23 485)	(33 816)	146 357	-
	1 719 700	31 403	1 751 103	(119 424)	(75 849)	(195 273)	1 555 831	-
OTHER								
SECURITY MEASURES	5 235	-	5 235	(2 181)	-	(2 181)	3 054	-
OTHER OTHER	157 443 984	1 068 664	158 512 648	(458 602)	-	(458 602)	158 054 046	794 416
	157 449 219	1 068 664	158 517 883	(460 784)	-	(460 784)	158 057 099	
INFRASTRUCTURE								
ROADS, PAVEMENTS, BRIDGES & STORMWATER	9 517 015	-	9 517 015	(1 326 978)	(12 832)	(1 339 810)	8 177 204	-
WATER RESERVOIRS & RETICULATION	16 429 823	-	16 429 823	(1 711 440)	(1 225 536)	(2 936 976)	13 492 847	-
ELECTRICITY RETICULATION	13 711 765	-	13 711 765	(1 428 309)	(1 356 001)	(2 784 310)	10 927 455	369 056
SEWERAGE PURIFICATION & RETICULATION	8 036 213	-	8 036 213	(837 106)	-	(837 106)	7 199 108	-
	47 694 815	-	47 694 815	(5 303 832)	(2 594 369)	(7 898 201)	39 796 614	-
VEHICLES								

OTHER MOTOR VEHICLES	1 300 652	-	1 300 652	(106 597)	-	(106 597)	1 194 055	237 761
EQUIPMENTS			-					
PLANT & EQUIPMENT	906 422	-	906 422	(337 517)	-	(337 517)	568 905	1 352 801
OFFICE EQUIPMENT	121 960	-	121 960	(119 285)	(448 947)	(568 232)	(446 273)	437 991
	1 028 382	-	1 028 382	(456 803)	(448 947)	(905 750)	122 632	
LAND AND BUILDINGS			-					
CIVIC LAND & BUILDINGS	402 610	-	402 610	(27 959)	-	(27 959)	374 651	-
OTHER LAND & BUILDINGS	69 994	-	69 994	(6 128)	-	(6 128)	63 867	-
	472 604	-	472 604	(34 087)	-	(34 087)	438 518	-
TOTAL	209 665 372	1 100 067	210 765 439	(6 481 526)	(3 119 165)	(9 600 691)	201 164 748	3 192 025

APPENDIX C									
30 June 2009									
	Cost								
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Accumulated Depreciation	Closing Balance	Carrying Value	Budget Additions 2008/09
Executive and Council	2 691 060	18 512	-	2 709 572	(664 046)	(8 745)	(672 791)	2 036 781	-
Finance and Administration	530 595	12 891	-	543 486	(130 080)	(440 202)	(570 282)	(26 796)	217 500
Planning and Development	-	-	-	-	-	-	-	-	852 103
Health	35 273	-	-	35 273	(25 853)	(2 456)	(28 309)	6 964	-
Community and Social Services	1 853 594	-	-	1 853 594	(214 022)	(18 594)	(232 616)	1 620 978	85 000
Housing	-	-	-	-	-	-	-	-	27 825
Public Safety	-	-	-	-	-	-	-	-	737 000
Sport and Recreation	-	-	-	-	-	(52 364)	(52 364)	(52 364)	55 544
Environmental Protection	-	-	-	-	-	(2 435)	(2 435)	(2 435)	-
Waste Management	-	-	-	-	-	-	-	-	277 500
Road Transport	9 743 389	-	-	9 743 389	(1 432 970)	(12 832)	(1 445 802)	8 297 587	69 960
Water	24 509 904	-	-	24 509 904	(2 585 975)	(1 225 536)	(3 811 511)	20 698 393	330 776
Electricity	13 712 416	-	-	13 712 416	(1 428 580)	(1 356 001)	(2 784 581)	10 927 835	538 816
Other	156 589 139	1 068 664	-	157 657 803	-	-	-	157 657 803	-
TOTAL	209 665 372	1 100 067	-	210 765 439	(6 481 526)	(3 119 165)	(9 600 691)	201 164 748	3 192 024

APPENDIX D								
Kgetlengrivier Local Municipality: Segmental Statement of Financial Performance								
30 June 2009								
	2008	2008	2008		2009	2009	2009	
	Actual Income	Actual Expenditure	Surplus/ Deficit		Actual Income	Actual Expenditure	Surplus/ Deficit	
	R	R	R		R	R	R	
	12 153 201.00	8 080 435.00	4 072 766.00	Executive & Council	23 944 962	10 181 261	13 763 701	
	12 476 835.00	9 949 115.00	2 527 720.00	Finance & Admin	10 355 865	8 862 320	1 493 545	
	-	-	-	Planning & Development	-	-	-	
	-	1 741 536	(1 741 536)	Health	-	-	-	
	333 071	1 697 956	(1 364 885)	Community & Social Services	460 601	4 212 082	(3 751 481)	
	31 695	97 547	(65 852)	Housing	11 557	57 164	(45 607)	
	5 783 636	5 783 636	-	Public Safety	-	-	-	
	-	-	-	Sport & Recreation	-	-	-	
	-	-	-	Environmental Protection	-	-	-	
	1 726 333	3 972 591	(2 246 258)	Waste Management	2 312 232	4 891 015	(2 578 783)	
	3 162 963	6 640 407	(3 477 444)	Road Transport	5 640 631	11 741 621	(6 100 990)	
	4 481 990	4 545 659	(63 669)	Water	595 190	652 172	(56 982)	
	13 192 231	10 833 077	2 359 154	Electricity	11 413 701	-	11 413 701	
	40415078.36	6 682 491	33 732 588	Other	22 768 861	45 509 938	(22 828 830)	
	93 757 033	60 024 450	33 732 584	Sub Total	77 503 600	86 107 573	(8 691 726)	

APPENDIX E					
KGETLENGRIVIER LOCAL MUNICIPALITY: ACTUAL VERSUS BUDGET(REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009					
	2009 Actual R	2 009 Budget R	2 009 Variance R	2009 Variance %	Explanation of Significant Variances greater than 10% versus Budget
OPERATING REVENUE					
PROPERTY RATES	2 358 492	2 140 104	218 388	9.26	
SERVICE CHARGES	20 079 840	5 255 338	14 824 502	73.83	Budget was understated on majority of income items.
RENT OF FACILITIES AND EQUIPMENT	27 367	75 482	(48 115)	(176)	
INTEREST EARNED - EXTERNAL INVESTMENTS	1 238 313	1 059 995	178 318	-	
INTEREST EARNED - OUTSTANDING DEBTORS	9 182 019	3 550 000	5 632 019	61.34	
FINES	154 310	352 191	(197 881)	(128)	
LICENSES & PERMITS	5 162 795	167 109	4 995 686	96.76	
GRANTS & SUBSIDIES RECEIVED	37 677 307	47 316 001	(9 638 694)	(26)	
OTHER REVENUE	1 623 156	4 308 621	(2 685 465)	(165)	
TOTAL OPERATING REVENUE GENERATED	77 503 600	64 224 841	13 278 759	17.13	
OPERATING EXPENDITURE					
EMPLOYEE RELATED COSTS - WAGES & SALARIES	19 588 086	17 312 645	2 275 441	11.62	
REMUNERATION OF COUNCILLORS	1 177 802	1 714 229	(536 427)	(46)	
BAD DEBTS	16 681 886		16 681 886	100.00	Provision which were not budgeted
DEPRECIATION	3 119 165		3 119 165	100	Provision which were not budgeted
REPAIRS AND MAINTENANCE - MUNICIPAL ASSETS	2 489 910	5 851 866	(3 361 956)	(135)	
BULK PURCHASES	7 330 438	7 240 447	89 991	1.23	
CONTRACTED SERVICES	0		-	-	
GENERAL EXPENSES - OTHER	10 198 059		10 198 059	-	
GENERAL EXPENSES	25 386 694	28 741 584	(3 354 890)	(13)	
CONTRIBUTION TO/(FROM) PROVISIONS	0	216 740	(216 740)	-	
INTEREST - INTERNAL BORROWINGS	135 532		135 532	100.00	
TOTAL OPERATING EXPENDITURE	86 107 573		86 107 573	100.00	
OPERATING SURPLUS/(DEFICIT) - Total Revenue less Total Expenditure	(8 603 973)	64 224 841	(72 828 814)	846.46	

APPENDIX F								
KGETLENGRIVIER LOCAL MUNICIPALITY : DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003								
30 June 2009								
Grant and Subsidies Received								
Name of Grants	Name of organ of state or municipal entity	Total Receipts for the Year	Total Expenditure for the Year	Balance	Grants and Subsidies delayed / withheld	Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Total	Total	Total			Yes / No	
B.P.D.M.	Kgetlengrivier Local Municipality	1 355 000	1 507 808	(152 808)			Yes	
MIG Grant	Kgetlengrivier Local Municipality	8 524 000	8 576 764	(52 764)			Yes	
M.S.I.G. Grant	Kgetlengrivier Local Municipality	2 520 000	2 520 000	-			Yes	
F.M.G. Grant	Kgetlengrivier Local Municipality	1 500 000	1 500 000	-			Yes	
RDP	Kgetlengrivier Local Municipality	-	-	-			Yes	
Provincial Grant	Kgetlengrivier Local Municipality	5 000 000	3 445 979	1 554 021			Yes	
DME Grant	Kgetlengrivier Local Municipality	5 000 000	-	5 000 000			Yes	
Library Grant	Kgetlengrivier Local Municipality	300 000	230 270	69 730			Yes	
Cemetery	Kgetlengrivier Local Municipality	-	154 282	(154 282)			Yes	
		24 199 000	17 935 103	6 263 898				
Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.								